

Integrated Report 2015

Itaú Unibanco Holding S.A.

Itaú

About this report



Innovations

We **simplified** the language of this report

We presented the exposure of **capital** to our **material themes**

We identified the **stakeholders** that are **most affected** by each material themes

We adopted the recommendations proposed by the **<IR> Banking Network**

We enhanced **interactivity** by including **links** in all **icons** presented

The content presented here is the report on our strategies, businesses, products and services and, primarily, on the way we create shared value and ensure the longevity of business to our clients, stockholders, employees and society.

This report refers mainly to the year from January 1 to December 31, 2015. All financial information presented, including the comparative periods, is in accordance with the International Financial Reporting Standards (IFRS) applicable to our operations and businesses. Meanwhile, the sector information, the economic and financial forecasts and the performance indicators are management information and their calculation bases are also presented.

At the end of this report, we present a glossary with the definition of the main technical terms and acronyms used. Additionally, we made available the links that connect our main sources of communication and accountability.

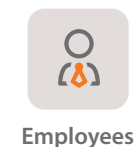
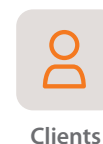
This report was internally approved by those charged with governance and reviewed by our independent auditors, who issued the limited assurance report on the integrated report 2015.



See previous editions or visit our website

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Our main public



Integrated report and other initiatives

The main purpose of an integrated report is to explain to financial capital providers how an organization creates value over time. In accordance with the International Integrated Reporting Council (IIRC), the integrated report is a concise document about strategy, governance, performance and the prospects of an organization in the context of its external environment, which lead to the creation of shared value in the short, medium and long term.

It is also an alternative to the excess of reports produced by

organizations that, by means of a single model presented in the conceptual structure for integrated reporting, would start to report their financial, economic, social and environmental, and governance information in an integrated manner.

The conceptual structure or framework was the result of a public consultation made in 2012 and led by the IIRC with the participation of Itaú Unibanco and many stakeholders, such as investors, companies, regulatory agencies, accountants and NGOs.

2012 ▶ We participated in the public consultation organized by the IIRC

2013 ▶ We joined the pilot program for pioneering companies, also organized by the IIRC

2014 ▶ We disclosed our first integrated report

2015 ▶ We joined the <IR> Banking Network and disclosed our second integrated report

2016 ▶ Alessandro Broedel Lopes, our Chief Financial Officer, was appointed as a member of the Board of the IIRC



The Global Reporting Initiative (GRI) is a multi-stakeholder non-profit created by environmentalists, social activists and agents of socially responsible funds, which develops a corporate reporting structure adopted by about a thousand organizations worldwide.



The Dow Jones Sustainability Index (DJSI) is a global indicator of financial performance, one of the most respected indexes of corporate sustainability performance in the world. In 2015, we were selected to the portfolio of the DJSI for the 16th consecutive year. We are the only bank of America Latina present in this index since its creation.



The "Índice de Sustentabilidade Empresarial" (ISE) from BM&FBovespa (in english, Corporate Sustainability Index) is a pioneering initiative in Latin America and seeks to create a compatible investment environment with sustainable development demands of contemporary society and stimulate the ethical responsibility of corporations. In 2015, we were selected to compose this index for the 11th consecutive year.

See also other initiatives that we practice



Message from Chairman of the Board and CEO

In the past few years, our institution has been capable of generating consistent results at levels that exceed, in every single period, the previous records. For us, to create long-term value means to carry out our business in a way that is sustainable and relevant for the society in which we are an active part.

The year of 2015 was characterized by great challenges in the political and economic scenario. While we saw movements towards recovery in the major world economies, Brazil's GDP showed a drop for the second consecutive year. We continue to invest and promoting changes in the bank to make it increasingly simple, easy to understand and able to serve our clients with quality and time they need. In addition to the quality of human capital, working in an environment driven by Nosso Jeito (Our Way) – made up of seven unique corporate culture and based on meritocracy, in people management and training leaders – this development may be explained by strategic decisions proven right to the point, such our adequate appetite for risk in increasingly challenging scenarios, focus on service provision and a strong-willed search for higher management efficiency.

The year of 2015 was also characterized by the ongoing work so that we can become more of a Digital Bank, focused on our manufactured capital, increasing the number of digital branches and developing new

channels for the client, such as applications and digital communication mechanisms. Additionally, last year, we started to operate our new Data Center, which is more efficient in electric energy consumption and which will be able to increase by 25-fold our processing capacity, thus contributing to our conscious use of natural capital.

This year, we announced an important change in our social and relationship channel, in which our administrative structure is now composed of three general executive officers and two vicepresidents. With this new governance, in addition to preparing the organization for the succession process of our CEO, we gained more uniformity and agility in decision making processes, created more synergies between the teams and enhanced internal communication, focusing on our social and relationship capital.

A few years ago, we started to prepare for a less favorable scenario for our financial capital by means of a strategy focused on: investments in technology, credit appetite with a lower risk profile, expansion of our calling as a provider of pension products and services, discipline in the control of operating costs and international expansion through Latin America.

In the international arena, noteworthy is the merger of Itaú Chile with Corpbanca,

consummated in the first half of 2016, therefore creating one of the most important financial institutions in Latin America. With Itaú Corpbanca, our loan portfolio in Chile now ranks 4th, from a previous 7th position, and we are now 5th in Colombian. In line with our international expansion strategy, we reinforced the commitment to be the leading bank in Latin America. We believe that our reputation, aligned with the purpose of our brand, may influence the choice of customers and, consequently the quality of our intellectual capital.

As we once again expect a challenging scenario for 2016, we will continue to follow a more conservative strategy in risk management, keep the bank's capitalization at a high level, and focus on the efficiency of operations and service quality.

Enjoy your reading!



Pedro Moreira Salles

Chairman of the Board of Directors

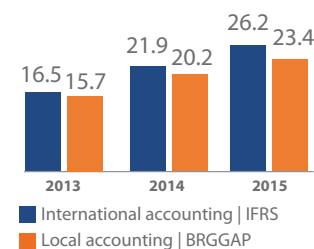


Roberto Egydio Setubal

Chief Executive Officer

Photos: Felipe Comboisy

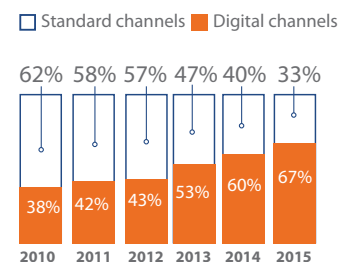
Net Income | R\$ billion



Our annualized recurring return on the average equity was

24.8%

Volume of transactions (%)



Earnings per share grew

2.3%

due to repurchase, in 2015, of 1.9% of own shares issues

Our Efficiency Ratio reached

44%
↑ 3 p.p.

The Basel Ratio was

17.8%

(above the required by the Central Bank of Brazil)



Context

In spite of the recovery from the effects of the 2008 crisis, market conditions in 2015 remain fragile, with the world economic growth below its potential.

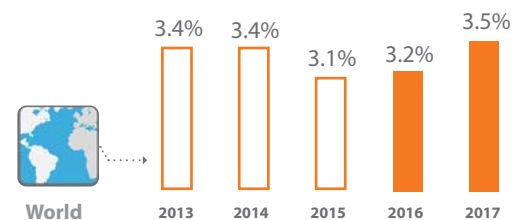
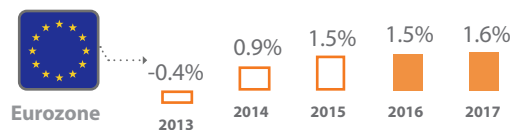
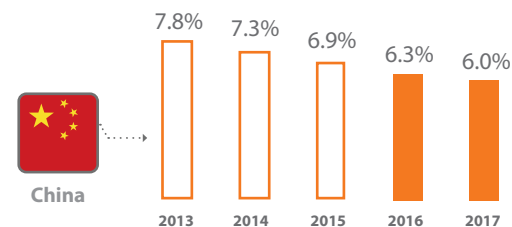
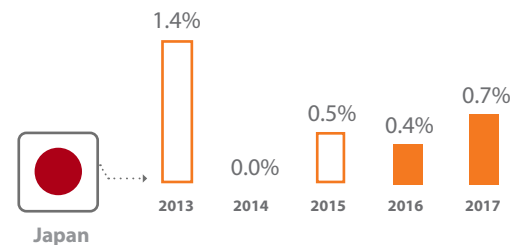
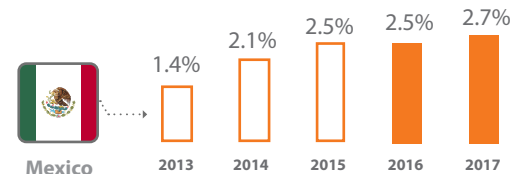
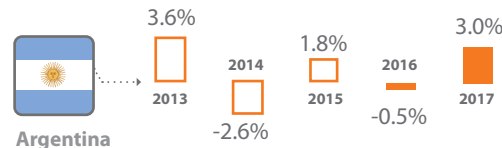
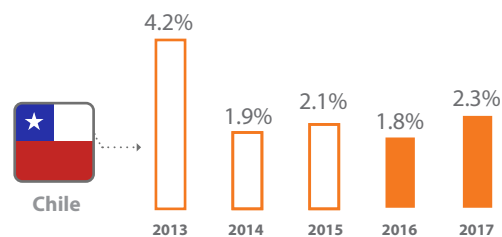
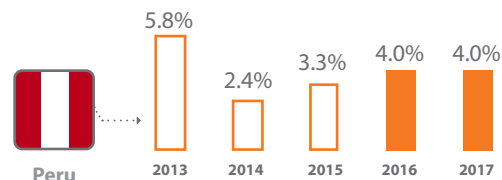
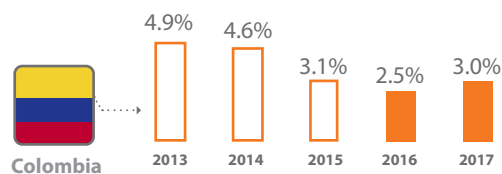
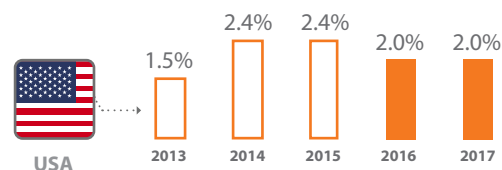
The US economy kept the growth pace it had in 2014. In spite of China's continuing to slow down, recording a lower historical growth rate, Chinese politicians have shown commitment to medium-term reforms, seeking economic stability and improved general productivity.

The eurozone and Japan continue recording modest growth rates. Growth has also been low in other emerging markets, with significant volumes of financial resources withdrawn by investors, resulting in a higher volatility in assets prices.

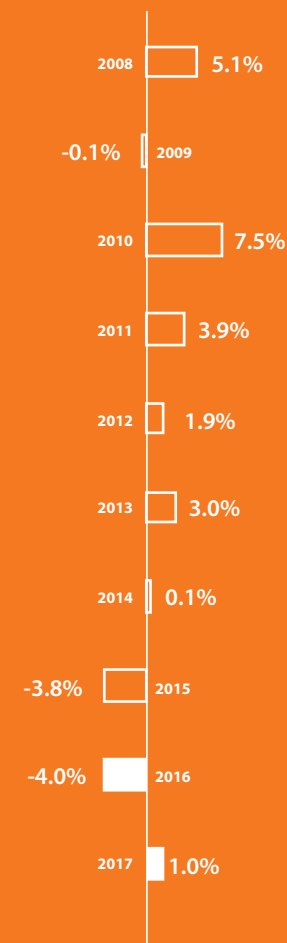
Economic growth remains poor in practically all Latin American countries, although we can observe difference in margins. Noteworthy in 2015 is the higher growth in Peru and Colombia. Inflation rates, however, are above the ceiling of the target, but for Mexico, which records historically low levels. The low economic growth, together with high inflation and other issues in developing countries, particularly in Latin America, may affect Brazilian operations.

Real GDP growth | International performance

% per year



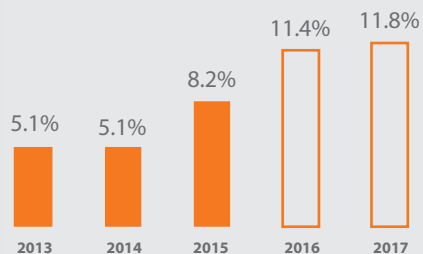
Brazil



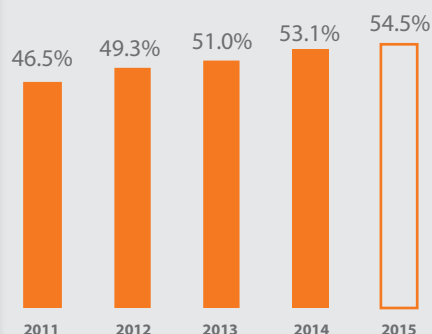
Itaú BBA Portal (Economic Analysis)

Source: Itaú Unibanco
Estimates for 2016 and 2017 were extracted from
Economic Analyses disclosed on Itaú BBA Portal.

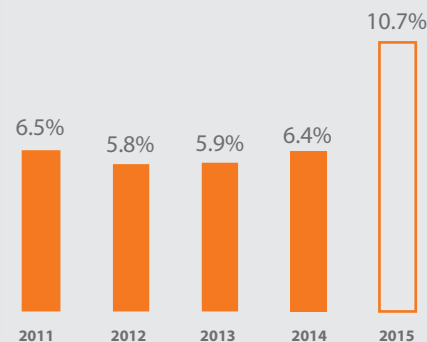
Unemployment rate (%)⁽¹⁾



Credit Evolution/GDP



12-month IPCA inflation rate



Our operations and resulting outcomes are significantly affected by the economic, political and social conditions in Brazil. In 2015, GDP growth potential slowed down and a recession scenario remains in Brazil. Economy downturn has contributed to raise unemployment, which, together with high inflation and interest rates, impacted the purchasing power of families and companies, and loan default levels in the Brazilian banking system.

In 2015, the ratio of loan operations of the Brazilian financial institutions to GDP increased, when compared to the same period of 2014. This increase is mainly driven by the falling GDP and the drop in credit granting in the period, in actual terms. Among the factors contributing to this reduced credit granting, noteworthy is the downturn in the economic activity and the high interest rates, which impacted both credit supply and demand.

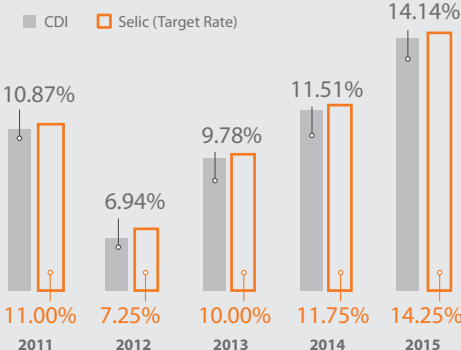
In 2015, inflation reached record rates when compared to recent years, and, among the factors for this increase noteworthy are the current economic and political situation in Brazil, price control, increase in government expenditures, and the Brazilian real depreciation. The Central Bank of Brazil has increased interest rates in an attempt to contain inflation. Brazil's monetary policy committee, known as Copom, will debate the maintenance or increase in interest rates for 2016, which may affect our margins.

The Brazilian *real* depreciated almost 50% against the US dollar over 2015. The strengthening of the US dollar continued to be the primary factor for the Brazilian *real* depreciation; the current scenario of political and economic uncertainties, together with the falling commodities prices, has also contributed to the *real* depreciation. In an attempt to contain an excessive volatility, the Central Bank of Brazil intervened in the foreign exchange market by selling foreign exchange derivatives. Regarding government spending, the primary surplus fell this year, and the raise in taxes was not sufficient to make up for the decline in collection revenues and the increase in mandatory expenses. Over 2015 and 2016, Brazil had its investment grade downgraded by rating agencies Moody's, Fitch, and Standard & Poor's (S&P), and the main reason was the Brazilian public debts aligned with the political and economic crisis. In the first half of 2016, these agencies announced the downgrade of Brazil's sovereign credit rating, downgraded to speculative grade.

The most probable scenario for 2016 is a lower economy growth and continuing fiscal and political issues, thus keeping economic indicators low. As difficulties escalate, it is increasingly more probable that changes will occur. Measures to combat recession involve actions to consolidate the country's fiscal condition, stabilize public debt, recover credibility, improve the country risk rating, appreciate the real, and improve the political scenario.

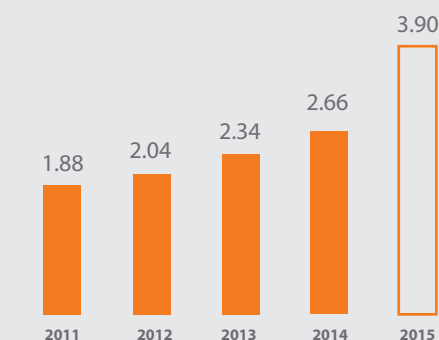
Selic

(Nominal interest rate)

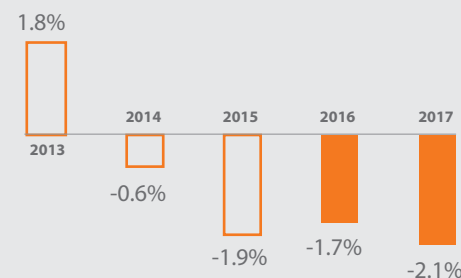


Nominal exchange rate

(R\$/US\$)



Primary result (%) GDP⁽¹⁾

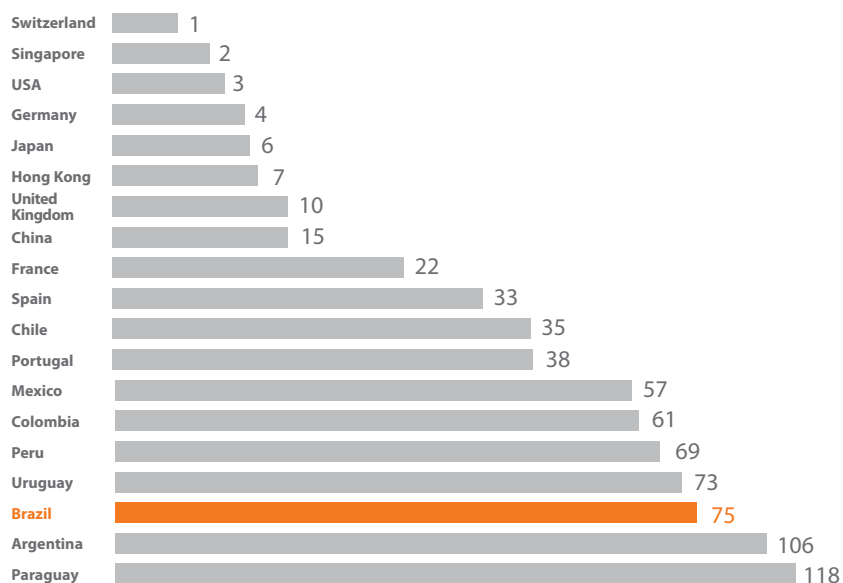


(1) Source: Economic analyzes Itaú BBA.

Competition

According to the World Economic Forum's global competitive index, which assesses the competitiveness of 140 countries, Brazil has fallen 18 places in the 2015-2016 period. Among the sections analyzed to rate a country as competitive we have trust in institutions, balance of public accounts and business sophistication factors, such as capacity to innovate and education. Grades are calculated based on statistical data and opinion surveys with executives from the participating countries, with Fundação Dom Cabral in charge of this survey in Brazil.

The chart below states the top three countries in the ranking and other countries where we have operations.



This worse assessment was not limited to the Brazilian economy, as the report points out to a stagnation scenario for the world economy, highlighting the downturn in economy growth and productivity, and raise in structural unemployment.

Chile was ranked the most competitive country in Latin America, at the 35th place in the ranking, with strengths in solid institutions, a stable macroeconomic environment, and well-functioning financial markets. Brazil, in turn, had a sharp fall due to the deteriorating institutions and low macroeconomic performance; regarding financial market development a weakness is the low credit availability and worsening access to credit lines.

Competition in the Brazilian banking industry

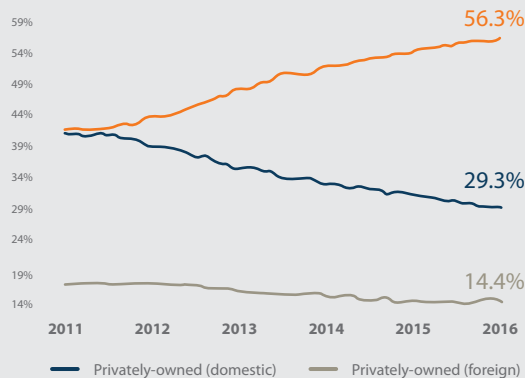
The last several years have been characterized by increased competition and consolidation in the financial services industry in Brazil. As of September 30, 2015, there were 132 multiple-service banks, 25 commercial banks, and numerous savings and loan, brokerage, leasing and other financial institutions in Brazil.

We, together with Banco Bradesco S.A. and Banco Santander Brasil S.A., are the leaders in the privately-owned multiple-services banking sector. As of September 30, 2015, these banks accounted for 35% of the Brazilian banking sector's total assets. We also face competition from state-owned banks, which has increased. As of September 30, 2015, Banco do Brasil S.A., Caixa Econômica Federal, and BNDES accounted for 43% of the banking system's total assets.

The following table sets forth the total assets of the 10 main banks in Brazil, classified according to their interest in the total assets of the Brazilian banking sector:

Position	Banks by total assets	Control type	2015	
			R\$ billion	%
1 st	Banco do Brasil S.A.	state-owned	1,439.0	17.4
2 nd	Itaú Unibanco Holding S.A.	privately-owned	1,285.4	15.6
3 rd	Caixa Econômica Federal	state-owned	1,203.8	14.6
4 th	Banco Nacional de Desenvolvimento Econômico e Social	state-owned	925.9	11.2
5 th	Banco Bradesco S.A.	privately-owned	905.1	11.0
6 th	Banco Santander Brasil S.A.	privately-owned	681.7	8.3
7 th	Banco BTG Pactual S.A.	privately-owned	241.7	2.9
8 th	HSBC Bank Brasil S.A.	privately-owned	175.1	2.1
9 th	Banco Safra S.A.	privately-owned	147.6	1.8
10 th	Banco Citibank S.A.	privately-owned	76.0	0.9
n.a.	Others	n.a.	1,181.1	14.3
	Total		8,262.4	100.0

Market share of banks



Loan growth – (YoY %)



Our profile

A bank made for people and, above all, by people_

We have 91 years of history, we are the largest private bank in Latin America in terms of total assets, and we are present in 19 countries. In spite of becoming increasingly international, our roots are yellow and green. We were started by five people who dared to dream big – five visionaries who were committed to the business, the country and, above all, to people. From the very beginning, we have always sought to think ahead and to promote positive changes in the people's lives. Therefore, we place our structure, our intellectual and technology skills at their service.

Our vision_ is to be the leading bank in sustainable performance and customer satisfaction.

Our commitment_ leads us to serve as a transformation agent of the society by working for great causes, such as culture, education, sports and urban mobility, continuously seeking the common good and contributing to the country's development.

What we do?

We are a publicly-held company, organized and existing under the Laws of Brazil that, together with subsidiaries and associated companies operates in the banking activity in Brazil and abroad. Through our commercial, investment, mortgage, credit, financing, investment and leasing, including foreign exchange

transactions and the complementary activities, with emphasis on the insurance, pension plan, capitalization, securities brokerage, and securities and managing credit cards, consortiums, investment funds and portfolios. We offer a wide range of banking products and services to a diversified base of individuals and corporations, and non-account holders of the bank.

Our local and international business

4,985 branches and CSBs

26,412 ATMs

More than **60 million** credit and debit card accounts



Our Way. That is how

#wedoandithappens

Every company has its own culture and we have ours. Our Way, made up of seven attitudes, encapsulates our culture and their practice is what we believe will make us a leading bank in sustainable performance and customer satisfaction.

1_it's only good for us if it's good for the client_ We are people serving people with passion and excellence. We work with the customer and for the customer, because it is the biggest reason for everything we do.

2_we're passionate about performance_ The generation of sustainable results is in our DNA. The constant challenge of seeking leadership in performance brought us this far and will continue to guide our company toward our goals.

3_people mean everything to us_ Everything we do is through people. Talented people, who likes working in a collaborative environment, meritocracy and high performance.

4_the best argument is the one that matters_ We cultivate a challenging environment, open to questioning and constructive debate. For us, the hierarchy that account is the best idea.

5_simple.always_ Believe that simplicity is the best way for efficiency. So, we fight for the depth not to be confused with complexity and the simplicity does not become simplistic.

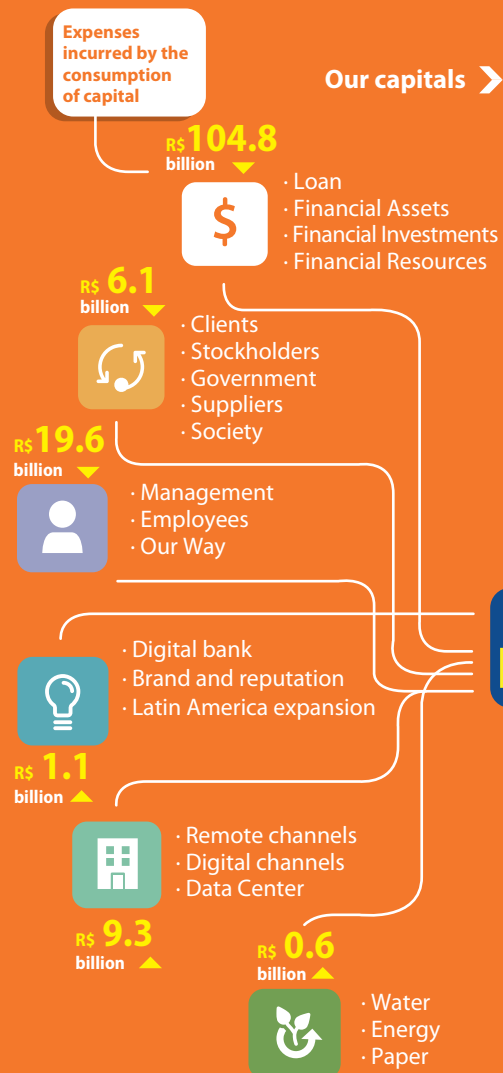
6_we think and act like owners_ We always think as business owners, leading by example and putting collective goals ahead of personal ambition.

7_ethics are non-negotiable_ We do what is right, no little way, no shortcuts. We take our leadership in a transparent and responsible manner, fully committed to the society and with the best governance and management practices.

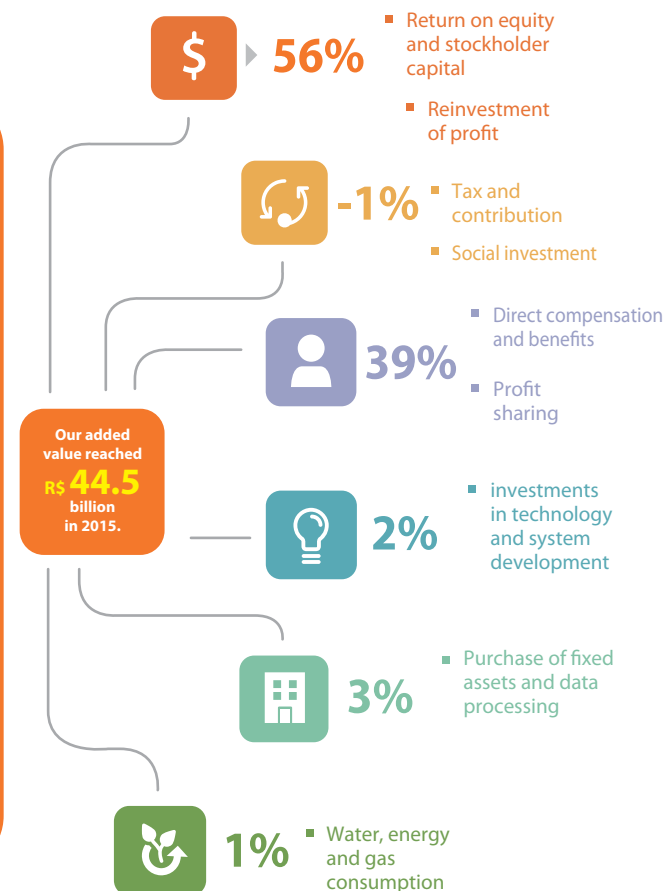
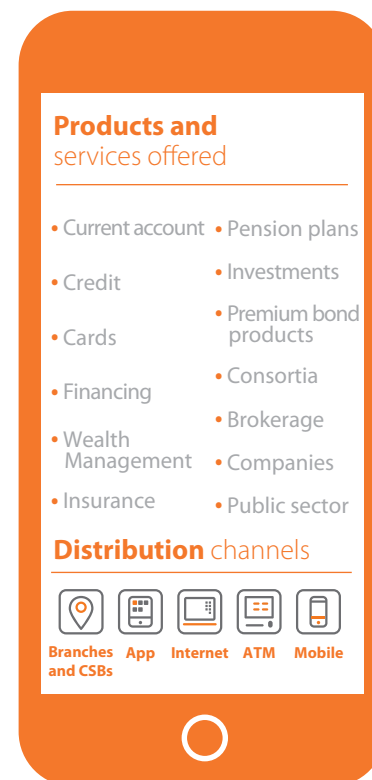
Business model

Our vision is to be the leading bank in sustainable performance and customer satisfaction

Our capitals > are managed by the Administration > for the offer of products and services > generating shared value for our stakeholders



¹ Demonstrates the direct economic value generated and distributed by our business.



The role of financial institutions according to the **World Economic Forum**

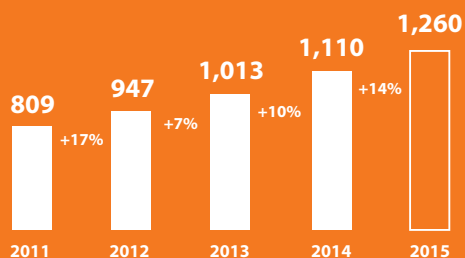
- Promote financial and economic resilience
- Safeguard savings and the integrity of financial contracts
- Facilitate efficient allocation of capital to support economic growth
- Provide broad access to financial products and services
- Enable smoothing of cash flows
- Enable payments
- Provide financial protection, risk transfer and diversification
- Provide information for better economic decision-making
- Provide effective markets

\$ Financial capital

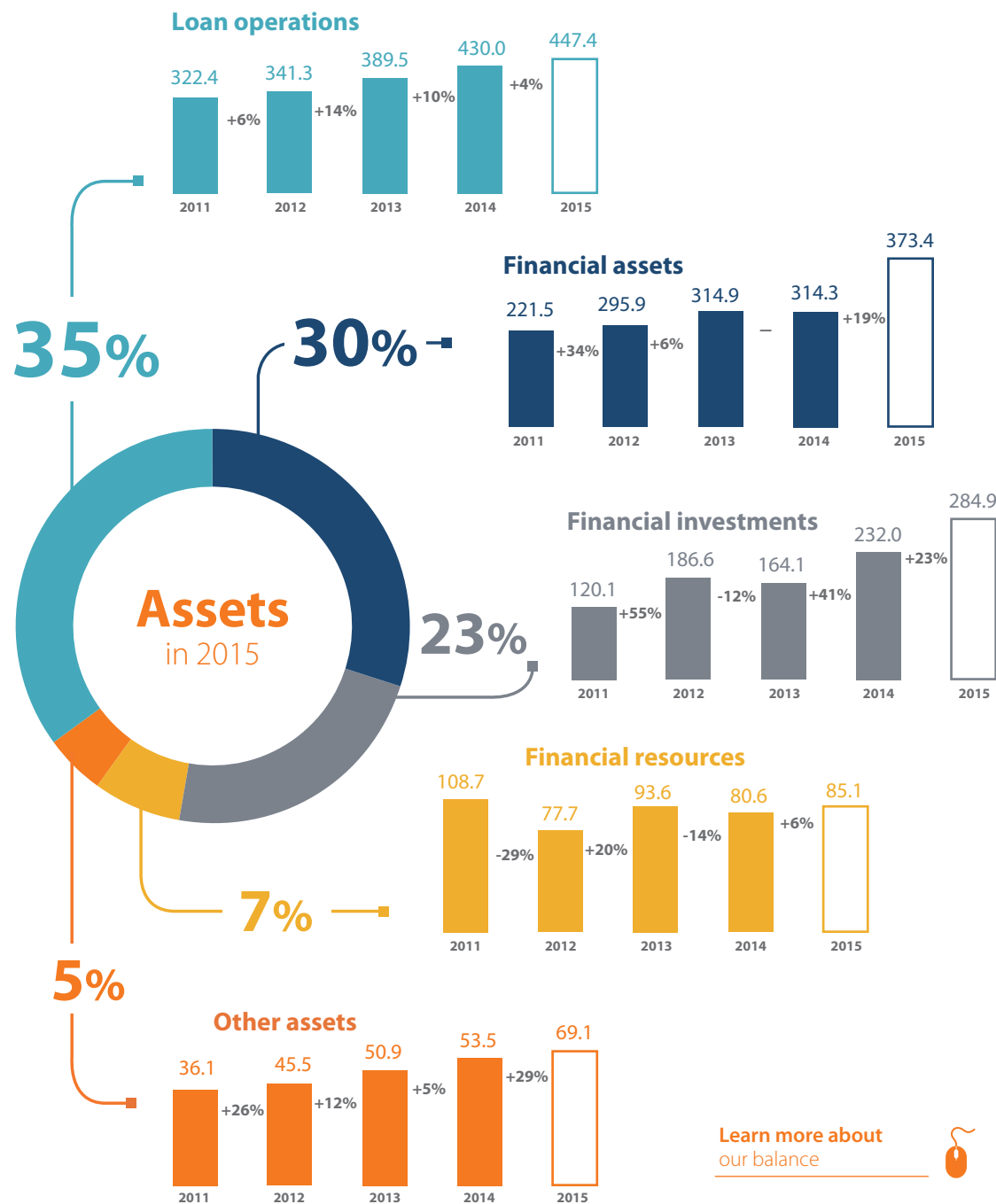
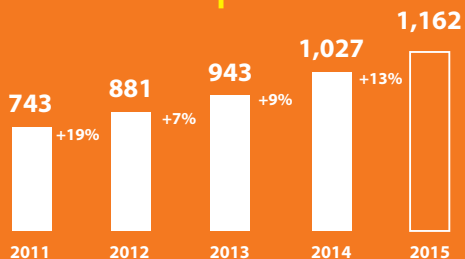
The financial capital is composed of the financial resources available and allocated to the businesses, our own or third parties, obtained in the form of products and services provided to our clients, such as loan operations, financial investments, deposits and funding, investments and insurance, pension and capitalization operations.

In 2015, our financial capital totaled

Assets | R\$ billion



Liabilities | R\$ billion



Learn more about
our balance



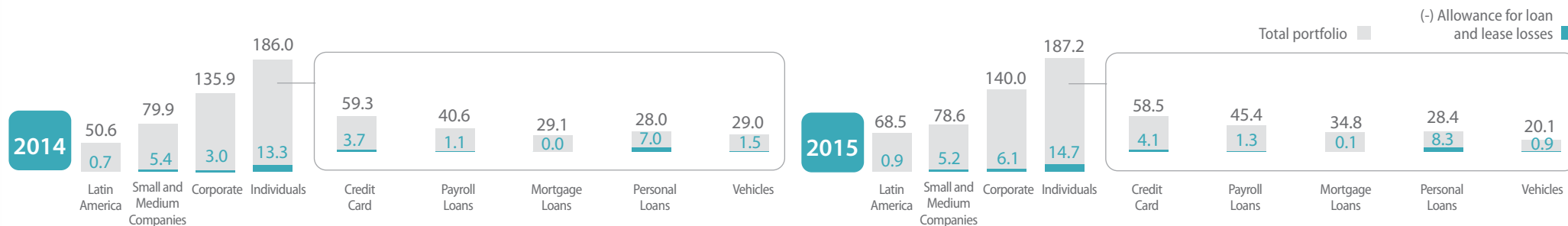
“ The use of credit needs to be well planned and managed so that the results are satisfactory for companies, employees, clients, suppliers and our business. In this context, more than offering a proper credit solution to each profile, our role is to show that the use of credit is positive for peoples’ lives provided that it is done in a well-planned way. Since 2011, we have been prioritizing the reduction of the risks of our credit portfolio in view of an unfavorable scenario, and we have been developing financial education projects that have contributed to the maintenance of the quality of our assets. ”

Eduardo Mazzilli de Vassimon,

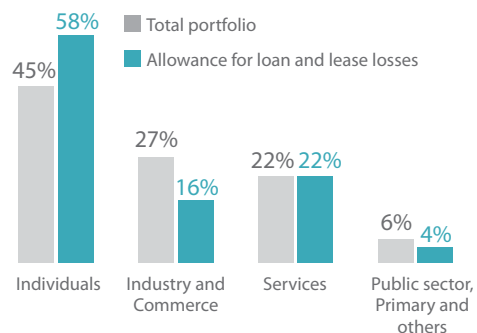


Vice-President of Risk and Finance Control and Management

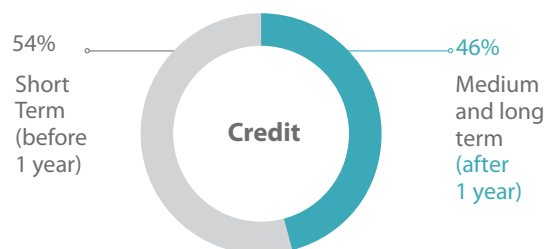
Loans operations portfolio R\$447.4 Billion



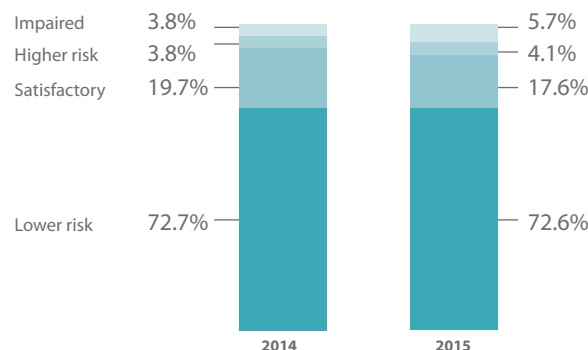
By economic activity compared to the total portfolio



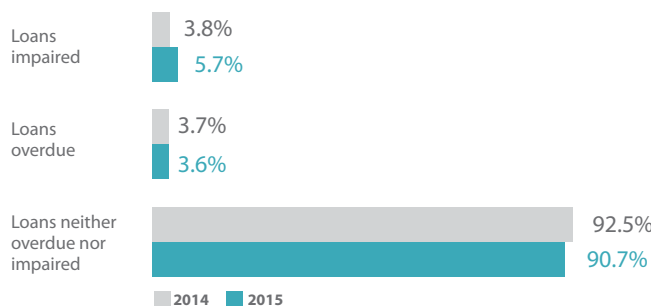
By maturity



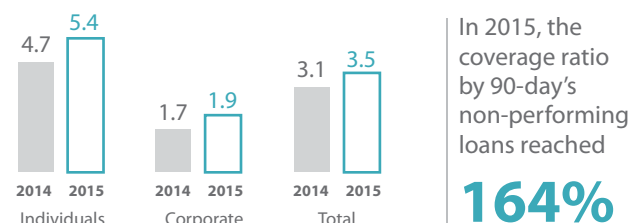
According to internal rating based on the loan operations quality and the probability of default



By quality of loan portfolios



By non-performing loans ratio (%)



Loan and lease operations by concentration



According to the independents credit rating agencies

Credit ratings

As of December 31, 2015	Fitch Rating	Standard&Poor's	Moody's
Itaú Unibanco Holding S.A.			
Short term	F3	B	NP
Long term	BBB-	BB	(P) Ba1
Outlook	Negative	Negative	Ratings Under Review

Main risks in the loan operations portfolio

Our loan operation portfolio is 100% exposed to credit risk and to interest rate risk

Credit risk is the possibility of financial losses of our credit and leasing operations. Our credit risk management structure is the primary responsibility of all Business Units and aims to keep the quality of our credit portfolio consistent with risk appetite levels for each market segment in which we operate.

Collateral held for loan operations portfolio

R\$706.6 billion

(over-collateralized)

R\$9.5 billion

(under-collateralized)

Reposessed assets | R\$ million

Residential properties, Vehicles and Equipments.

2014 166

2015 444

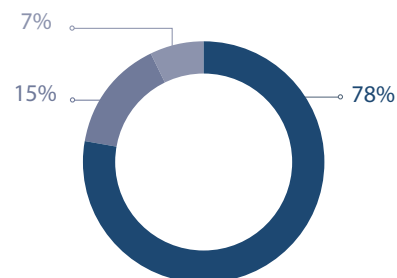
The exposure of the portfolio to the currency risk is **R\$121.2 billion**, of which 53% of the positions are in US dollars, 30% in Chilean Pesos and 17% in other currencies.

To learn more about our credit operations

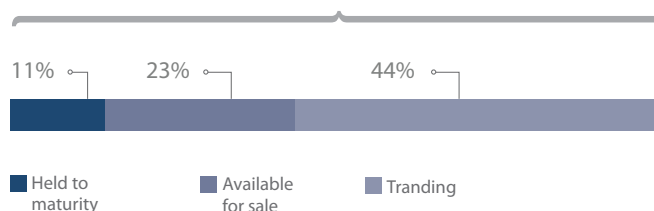


Securities
Derivatives
Others Financial Assets

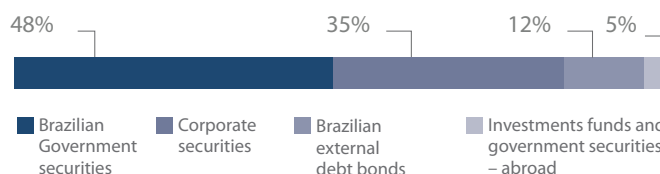
Classification of financial assets R\$373.4 billion



Securities

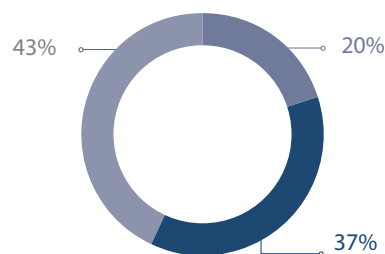


Our securities totaled **R\$292.5 billion** and are composed of:



By maturity

Up to 1 year
From 1 to 5 years
Over 5 years



According internal rating based on the quality of assets

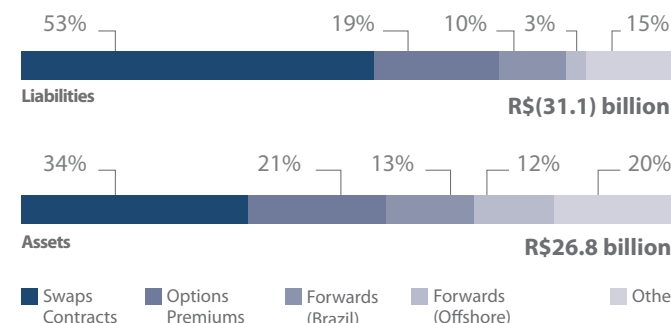
According to our in-house rating of Financial Assets, approximately 99.9% of our Assets¹ have a low risk level, keeping the same level recorded in 2014.

1. Except for Other Financial Assets R\$53.5 billion.

Derivatives

A derivative in a contract in which future payments are set out, which amount is calculated based on a value assumed by a variable, such as index, price of assets, foreign exchange rate, interest rate, and commodities.

Our net amount reached **R\$(4.3) billion**



Main risks in the portfolio

Our financial assets portfolio is 100% exposed to credit risk and 86% exposed to interest rate risk

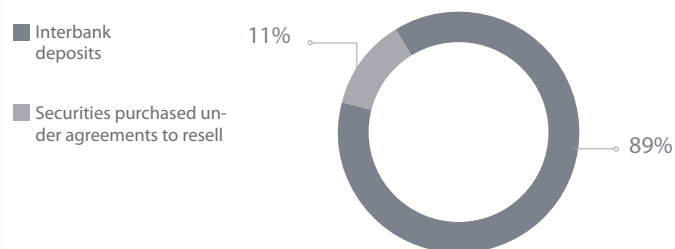
The Asset portfolio exposed to currency risk amounts to **R\$67.3 billion**, 89% of which refers to the positions in U.S. dollars, 7% in Chilean pesos and 4% in other currencies. Meanwhile, the Liabilities exposed to currency risk amount to **R\$11.4 billion**, 84% of which refers to the positions in U.S. dollars, 12% in Chilean pesos and 4% in other currencies.

To learn more about our financial assets



Classification of financial investments

R\$284.9 billion



The collateral held for these operations totaled **R\$162 billion**, equivalent to 57% of our Investments.

Our Financial investments Interbank Investments account for 99.7% of our portfolio. Additionally, 100% of our investments are rated as low risk.

Main risks in the portfolio

Our short-term interbank investments portfolio is 100% exposed to credit risk and 100% exposed to interest rate risk

The exposure of portfolio to the currency risk is **R\$25.1 billion** of which 73% of the positions are in US dollars, 8% in Chilean Pesos, and 19% in other currencies.

To learn more about our financial investments



Classification of financial resources

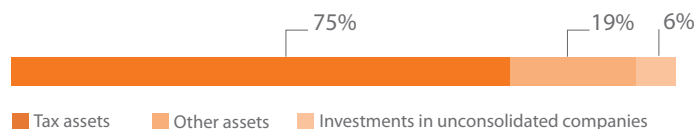
R\$85.1 billion

Our funds are composed of **Required Reserve Deposits** with the Central Bank of Brazil, which correspond to **R\$66.6 billion** – 94% interest-bearing and 6% non-interest bearing deposits –, and also by cash and cash equivalents, which total **R\$18.5 billion**.

100% of our interest-bearing Required Reserve Deposits are exposed to interest rate risk. The exposure of these deposits to **currency risk** is **R\$7.1 billion**, of which 3% of the positions are in US dollars, 7% in Chilean Pesos, and 90% in other currencies. The exposure of our cash and cash equivalents to **currency risk** is **R\$11.4 billion**, of which 53% of the positions are in US dollars, 7% in Chilean Pesos, and 40% in other currencies.

Classification of other assets

R\$69.1 billion



Our **tax assets** or tax credits are deductible temporary differences in relation to taxes paid to the Brazilian government (Municipal, State and Federal) on net income for the current year, to be recovered in future years.

Liquidity control

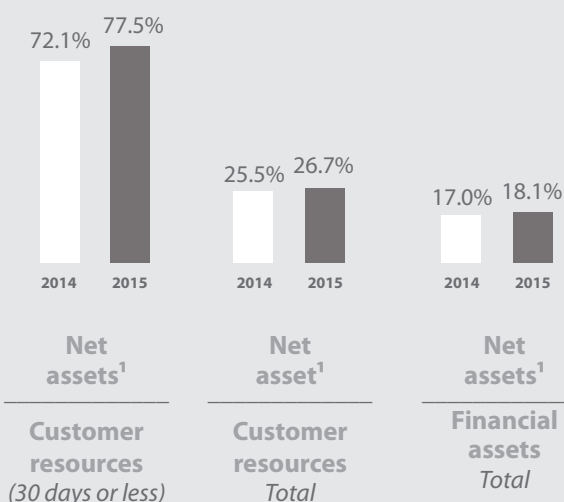
We manage our liquidity reserves based on the estimates of funds that will be available for investment, considering the continuity of business in normal conditions.

During 2015, we maintained appropriate levels of liquidity in Brazil and abroad.

Liquid assets¹ totaled

R\$156.6 billion

and accounted:



1. Cash, Securities purchased under agreements to resell – Funded position and Government securities – available, as Future Flows framework – Financial Assets).

To learn more about our financial resources



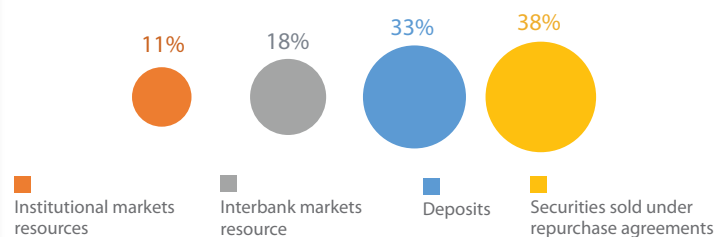
To learn more about our other assets



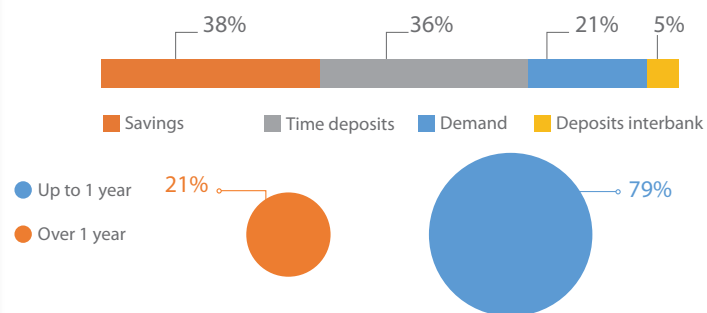
Classification of our liabilities R\$1.162 billion

Our financing strategy is to continue using all our sources of funds, in accordance with their costs and availability, and with our general strategy of management of assets and liabilities. To finance our operations, we intensified the use of liquidity provided by our sources of funds, as follows:

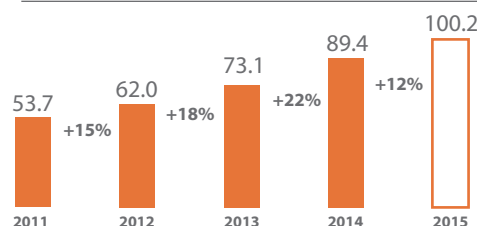
Sources of funding



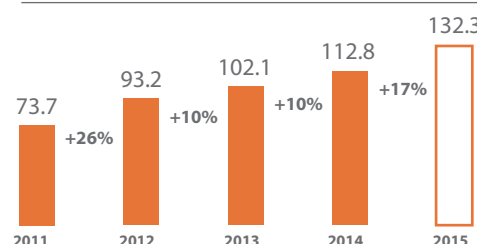
Classification of our deposits



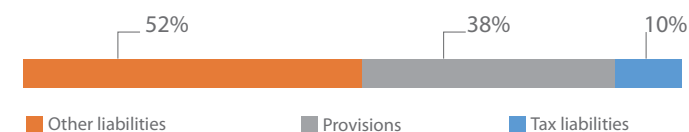
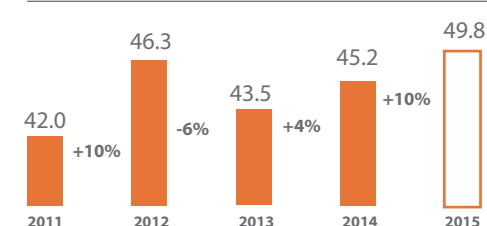
Financial liabilities



Insurance products, pension plans and premium bond products



Other liabilities



To learn more about our liabilities



Financial capital management | R\$ billion

Regulatory capital

We manage our capital with the purpose of meeting requirements imposed by the Basel Accord- on capital adequacy and minimum capital – required by the Central Bank of Brazil. The Basel Accord requires that banks present a ratio between regulatory capital and risk exposure of at least 8%. During the year, we complied with all capital requirements we are subject to. The table below summarizes the breakdown of regulatory capital, minimum capital required and Basel ratio, computed in accordance with the rules of the Central Bank of Brazil, based on the consolidation of financial institutions.

Regulatory Capital R\$128.50	=	<div><div>Tier 1 Capital R\$101.01</div><div><div>Common Equity Tier 1 Capital R\$101.00</div><div>Additional Capital R\$0.01</div></div></div>	+	Tier 2 Capital R\$27.50
Risk-Weighted Assets (RWA) R\$722.50	=	<div>Requirement for coverage of risk-weighted Assets</div> <div><div>Credit R\$679.60</div><div>+</div><div>Market R\$14.30</div><div>+</div><div>Operational R\$28.60</div></div>		
Regulatory Capital R\$128.50	=	<div>Requirement for coverage of risk-weighted assets</div> <div><div>Regulatory Capital Minimum Required R\$79.50</div><div>+</div><div>Excess capital in relation to Minimum Required Regulatory Capital R\$49.00</div></div>		

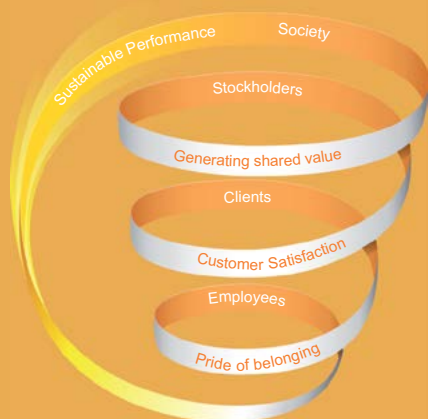


Social and relationship capital

Composed basically of ethical and transparent relationships with our clients, stockholders, investors, suppliers, regulatory bodies, government and society and of the skill of sharing value with our audiences to improve the individual and collective welfare.

Sustainable performance

We believe that challenging careers based on merits help to boost pride in belonging to our organization. Moreover, engaged employees deliver better services for their customers. The more customers are satisfied, the more they will remain loyal to the bank, developing lasting relationships that add value for stockholders and ensure results that enable society to develop. This is how we can create shared value, achieve positive results and encourage development for people, society and countries where we operate as part of a virtuous cycle of sustainable performance.



Sustainability strategy for business

Our sustainability strategy is based on in-depth analysis of our vision, Our Way, corporate policies, voluntary commitments and agreements, surveys and meetings with stakeholders in order to understand the material issues. Our engagement processes are based on guidelines and criteria of the international standard AA1000 and on an internal circular, that establishes the engagement methodology with the critical issues, selected according to actual and potential environmental, social and economic impacts.

Our Sustainability Map determines three strategic focus points for our activities: Dialogue and Transparency, Financial Education, and Environmental and Social (E&S) Risks and Opportunities. These are supported by four fronts: Governance and Management, Efficiency, Incentives and Culture. On this basis, the Map guides our operational and business units as they incorporate sustainability values into their decision-making processes.

Financial education

A way of contributing to the development of society is to understand people's needs in order to offer knowledge and suitable financial solutions that enable people to have a better relationship with their money.

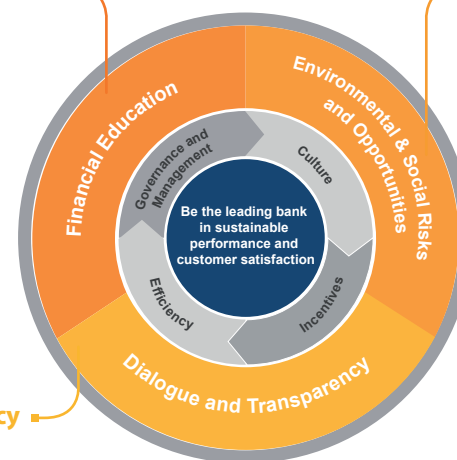
Dialogue and transparency

An important part of our strategy is the promotion of initiatives to establish a transparent and ongoing relationship with our internal and external stakeholders. We believe that by sharing practices, results, knowledge and also by promoting dialogue with different audiences, we can inspire initiatives and boost transformations in society and in our business. We also seek dialogue with various different sectors of society, anticipating trends and developing a positive agenda.

To learn more about
our sustainability strategy



Strategic focus



Environmental and social (E&S) risks and opportunities

We interact with all economic sectors and therefore have significant power to influence positive changes in society. We integrate E&S issues into its business, taking into account the needs of its clients and employees, civil society and regulatory bodies. Our management of E&S risks has the purpose of identifying, measuring, mitigating and monitoring risks. To mitigate these risks, we have engagement initiatives with areas that are involved in the process.

// Our operations are very comprehensive. To be able to meet everchanging needs, it is crucial to be close to our main audiences and understand what they need. To know our audiences and their expectations help us to be ahead of other companies in the market and to offer more convenience, service quality and a balanced relationship. //

Claudia Politanski,

Vice-President for Legal, Institutional and Human Resources



Clients

To learn more

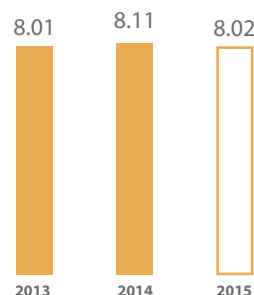


We offer a wide range of credit and debit cards, that reached in 2015, more than **60 million** current and non-current account holders. **↓3%**

Customer satisfaction survey

We conduct competitiveness surveys jointly with leading research institutes in Brazil to measure customer satisfaction regarding banking services from specific business units and compare the results with those of our competitors. We monitor key players and understand the market requirements on satisfaction of impartial market realities, allowing us to define action plans focusing on improvements to better serve and attract new customers.

The index results in an evaluation with a scale from 0 to 10, where 0 represents customers less satisfied and 10 the most satisfied customers.



Complaint management in your communication channels

The External Ombudsman is part of our service system and acts when the customer is not satisfied with the solution offered by our regular channels, namely Service Centers, Customer Services and Internet. In addition to searching for the best solution for the presented request, our goal is to identify the main causes of dissatisfaction among customers and to develop action plans to improve them.

97% of the customers that used the External Ombudsman services did not pursue the matter in external bodies, such as Procon (consumer protection body) or the court system.

Over **95% of the incidents** were solved within 15 days.
81% of those incidents were solved within 5 working days.

On the website consumidor.gov.br, **79% of the demands** recorded by our customers in this platform were solved and the average level of satisfaction was 3, on a scale from 1 to 5.

98% of complaints registered in our SAC were resolved within 3 working days.

In 2015, we reduced the average response time on social networks of 395 seconds to 266 seconds. **↑33%**

In 2015, we reached the milestone of **4 billion** transactions corresponding to **R\$383 billion**



Stockholders

To learn more



Ownership structure

As of March 31, 2016, our ownership structure was basically comprised of 3,047,040,198 common shares and 3,036,875,751 preferred shares, totaling 6,083,915,949 shares.

Stock exchange	Symbol		Corporate governance level
	Common share	Preferred preferenciais	
Securities, Commodities and Futures Exchange (BM&FBOVESPA)	ITUB3	ITUB4	Nível 1
New York Stock Exchange (NYSE)	-	ITUB ⁽¹⁾	Nível 2
Buenos Aires Stock Exchange (BCBA)	-	ITUB4 ⁽²⁾	-

(1) American Depositary Shares, or ADSs.

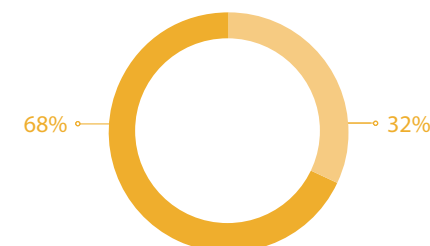
(2) Argentine Certificates of Deposits, or CEDEARs.

Common shares entitle the holder to one vote at our general stockholders' meetings. Preferred shares are nonvoting but entitle the holder to receive mandatory dividends and tag-along rights in the event of sale of a controlling stake.

Outstanding shares

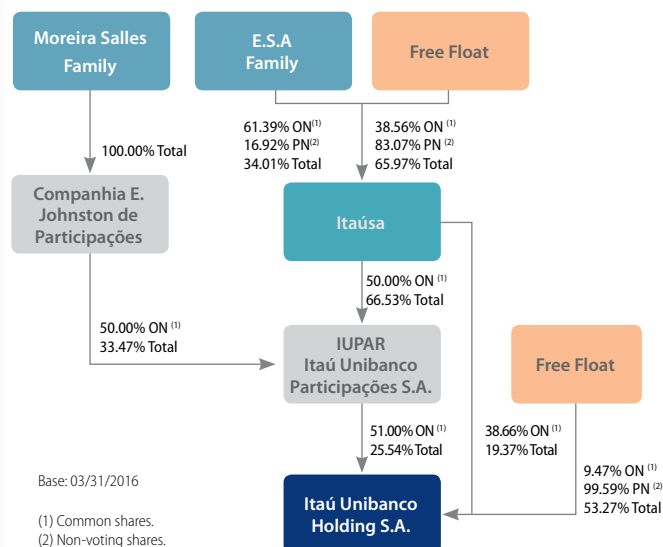
■ Foreign shareholders

■ Local shareholders

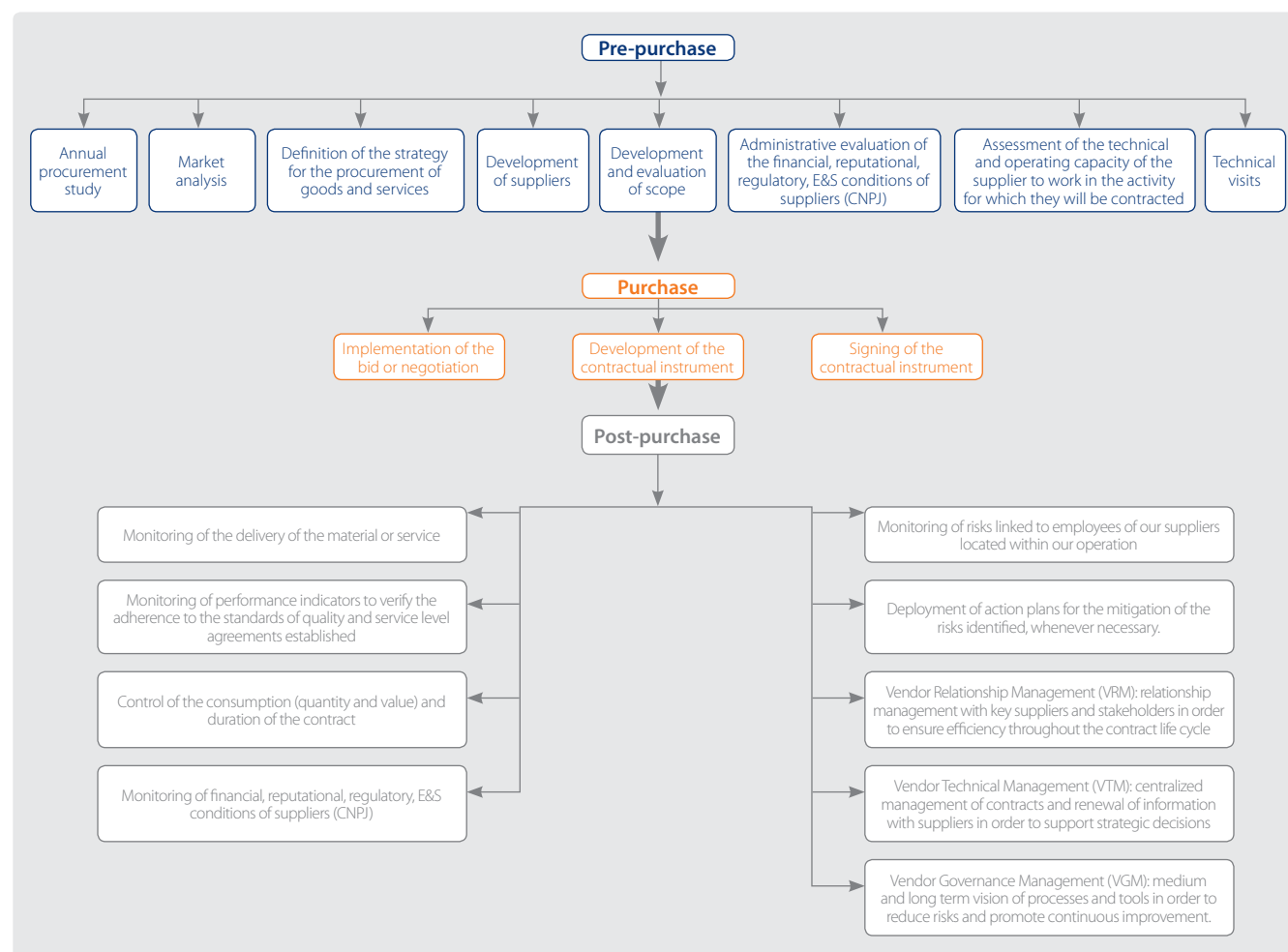


Method of Engagement/ How we engage	Frequency	Description
5 th Dialogue Forum	Annual	5 th Dialogue Forum, an annual meeting between the bank and PROCONs, public defenders, public prosecutors and consumer protection entities.
Chat Online Procon	Ongoing	Our External Ombudsman's Office has a PROCON Chat online responses to PROCONs, thus handling complaints faster.
Attendance Service	Ongoing	Customer Service Center (SAC, Online Chat, Social Media, Call Centers and External Ombudsman's Office).
Telephone Survey Contacts	Annual	Our annual telephone survey contacts a representative sample from each segment's portfolio, in order to measure customer satisfaction regarding banking attributes from specific business units and compare the results with those of our competitors.
External Ombudsman's Office	Ongoing	Intended to provide quick and definitive solutions to complaints raised by customers who are not satisfied with their responses from the regular channels – branches, customer assistance service or call center.
www.consumidor.gov.br	Ongoing	The bank adhered to the government initiative for online solutions to customer complaints received directly by companies through the website www.consumidor.gov.br (Consumidor.gov).

The following chart is an overview of our ownership structure, which includes our controlling stockholders.



Method of Engagement/ How we engage	Frequency	Description
Annual public meetings	Yearly	In 2015, we held 22 public meetings with APIMEC (Association of Analysts and Professionals of Capital Market Investments) in Brazil, involving approximately 2,600 participants.
Videoconferencess	Quarterly	We held four quarterly meetings during the year. Each is done in real time in Portuguese and English and can be accessed by phone or the internet.
Investor Relations Site	Ongoing	Our corporate information is placed on our Investor Relations website . We have sections devoted to disclosures to the market and relevant information, and information on corporate governance and other types of Itaú Unibanco.
Ações Itaú em Foco	Quarterly	"Ações Itaú em Foco" (Itaú Shares in Focus) is a quarterly stockholders newsletter.
Social media	Ongoing	We were the first company in Brazil to have an IR profile on Twitter and a Facebook page.
Reports	Periodic	Management Report, Annual Report, Integrated Reporting, Reference Form, Prospectus Debt Medium Term Note Programme (MTN Program) and MTN 20F.
Capital market indexes	Annual	We make parts of the main indices of the world's sustainability market, as the Dow Jones Sustainability Index (DJSI), the Corporate Sustainability Index (ISE) of BM & FBovespa, the Carbon Efficient Index (IC02) and, for the first time, the Euronext index Vigeo Emerging Markets 70.



Suppliers

To learn more

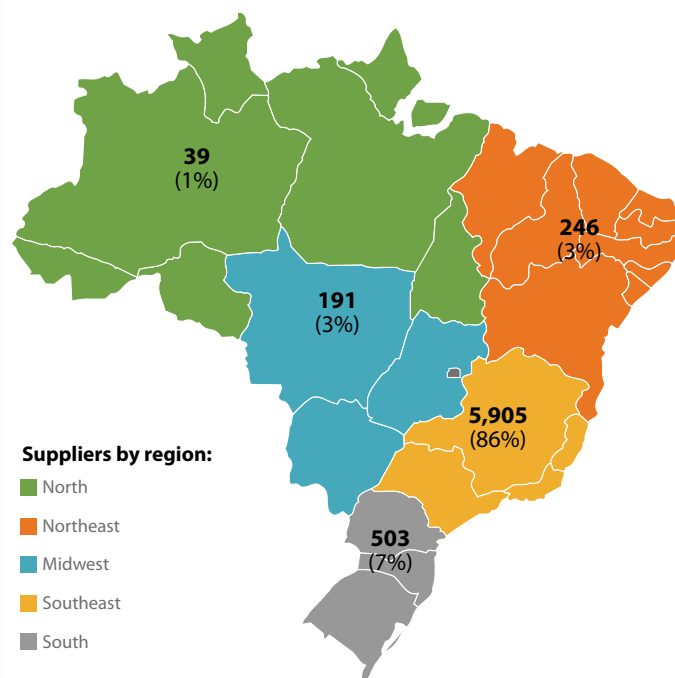
Our supply chain covers a wide range of segments – such as Telecommunications, Call Centers, Cash and Valuables Deliveries, Market Research, Furnishings, Electricity, Training Programs – in which our relationships are based on transparency, sustainability and adding shared value.

We have had about 9,000 partners that have provided goods or services to the bank. This partnership is made through a formal contract process whose objective is to minimize possible financial, reputational, operational and legal impacts during the provision of the service or upon the termination of the contract. We also work to enhance sustainable practices as well as compliance with legal and ethical principles that must govern business relationships.

Procurement of goods and services

Our supply chain are centrally managed by our Procurement area with the involvement of the contracting and legal areas among other areas of support. The Procurement area operation model allows the understanding of each market in order to identify the most appropriate procurement strategy for each type of business and ensure consistent supplier relationships. The negotiations conducted by the Procurement area follow a process of three stages:

Our suppliers are distributed throughout all the regions of Brazil, because we encourage the hiring of local suppliers, envisaging the development of the regions in which we operate.



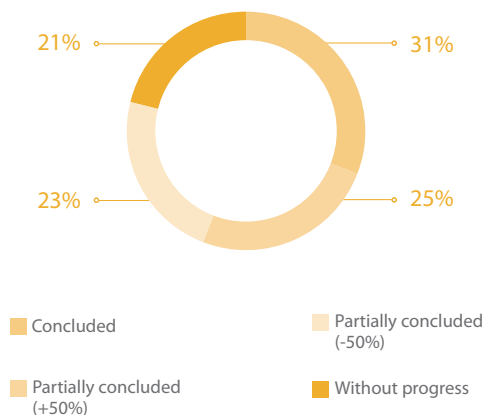
98% of purchases in Brazil were held with local suppliers.

Category	
Maintenance (Works and Equity)	43%
IT	11%
General Expenses	10%
Marketing	10%
Operating Expenses	7%
Legal Expenses	6%
Training and Benefits	6%
Security	2%
Other	5%
Grand Total	100%

Purchases of goods and services

We periodically conduct announced and semiannounced independent audits of our critical suppliers (tier 1) and their respective suppliers (tier 2) with the objective of assessing the risks across our supply chain, as well as interviews with employees of third parties to identify non-compliances related to the same issues verified in the audits:

94% of the 2014 audits generated action plans, of which:



Method of Engagement/ How we engage	Frequency	Description
Dialogue	Yearly	It provides training to suppliers to strengthen their commitment to our culture, disseminate good risk mitigation practices and discuss opportunities to improve the efficiency of our operations. In 2015, we organized our first Sustainability Workshop with the 2nd link of the supply chain to disseminate best practices.
Communication channels	Ongoing	We provide our communication channels suppliers such as: * Website (www.itaubr.com.br/fornecedores/) * E-mail (www.itaubr.com.br/atendimento/envie-mensagem/)
Recommendations	Semiannual	We send recommendations on good social and environmental practices through a formal statement by email to all database vendors.
	Monthly	In August 2015, we began monthly monitoring of approved suppliers to verify that the original conditions are maintained.
Monitoring/Auditing	Yearly	We conduct independent audits of our critical suppliers (tier 1) and their respective suppliers (tier 2) in order to assess the risks for throughout our supply chain.
	Biannual	Interviewed employees and third parties to identify cases of non-compliance with the same issues checked in audits (next scheduled interview 2016).



Society

To learn more



Our strategy relates to social development initiatives, such as financial education, culture and urban mobility, which are delivered to all communities in which we have operations. These initiatives are extended to the media, opinion leaders, the market and several social organizations. We also work together with various levels of government in order to improve public policy models in the many countries where we operate.

Our causes

Private Social Investment

Our investments in the social area – particularly those focused on the improvement of education, health, culture, sports and urban mobility – are aligned with the institution's purpose of transforming people's worlds for the better.

Sponsorship	Amount (R\$ million)	Number of projects
Not incentivized		
Education	188.8	170
Culture	77.6	6
Sports	6.0	4
Urban mobility	69.0	14
Total of not incentivized	341.4	194
Incentivized		
Education	23.3	100
Health	65.6	60
Culture	98.5	155
Sports	18.8	23
Total of incentivized	206.2	338
Total	547.6	532

Education

Fundação Itaú Social (Itaú Social Foundation)

Fundação Itaú Social (Itaú Social Foundation) was created to organize and deploy its social investment nationally. The Foundation's purpose is to develop, implement and disseminate social methodologies for the advancement of public education, while boosting the engagement of Itaú Unibanco employees – and society in general – through volunteering culture and a systematic impact evaluation of social projects and policies.

Instituto Unibanco (Unibanco Institute)

The Instituto Unibanco (Unibanco Institute) is one of the institutions managing private social investment for the Itaú Unibanco conglomerate and it is currently working to raise the quality of Brazilian public education and secondary schools in particular. The institute develops, evaluates and disseminates solutions to ensure that schools provide more educational opportunities for young people, while pursuing a fairer and more broadening society.

Culture

Instituto Itaú Cultural (Itaú Cultural Institute)

By operating in a number of fronts to map, support and disseminate Brazilian arts and culture the institute promotes an intensive free-of-charge programming nationwide.

Espaço Itaú de Cinema

The movie theaters sponsored by Itaú Unibanco now screen independent films all over Brazil, in six cities, thus reinforcing access to culture in Brazil.

Method of Engagement/ How we engage	Frequency	Description
Social media	Ongoing	Facebook , LinkedIn , Twitter , Medium , YouTube and Instagram .
Relations with communities	Periodic	We participate in discussions with the communities around our Business Center and Technical Operations Center, located respectively in the districts of Jabaquara and Mooca, in São Paulo. We have a program to identify needs and opportunities in areas where we have large operational centers. This process enables us to study ways of working together with local community leaders and governments to improve the quality of life in areas around our administrative centers.
Meetings and workshops	Periodic	We held meetings and workshops to disseminate relevant information on topics that help elucidate the functioning of the financial system to lay and its implications in the globalized world.
Ongoing dialogue	Ongoing	As part of our foreign scope, we combine our ongoing dialogue with communication strategies to receive and provide appropriate references to media demands and opinions of trainers.
Monitoring reputation	Yearly	This monitoring process is ongoing, through the study RepTrak® Deep Dive with three stakeholders: Media, Key Opinion Leaders and General Public. information resulting from the research will be used for the preparation of engagement strategies throughout 2016.

Urban mobility

Our focus is to promote the bicycle as an alternative transportation to improve mobility, reduce traffic and emissions of greenhouse gases. We have 3 pillars of action on the theme: bike sharing, urban infrastructure and awareness raising for a more peaceful traffic.

Are **7,600 bikes available at** 760 stations in 9 different municipalities


Government

We seek to work closely with public organizations in all branches of governments in the countries where we operate. Our intention is to build partnerships that can benefit society. Our work is guided by ethics and transparency and our goal is to provide authorities with consistent information so as to allow the appropriate assessment of issues that may involve our business or the causes we support.


Political campaigns and donations


All donations made by our group in connection with political elections are in compliance with Brazilian laws and regulations, duly recorded and follow our policy for donations to political campaigns. Donations are made in a manner to facilitate tracking (through a single entity of our group) and the respective proocess is conducted by a political assessment committee composed of board members and senior executives, in order to assure transparency.

Our relationship in social networks





More than **11 million** tanned







More than **211 million** views and **165,000** subscribers in our channels







More than **771,000** followers






More than **170,000** followers





More than **590,000** followers



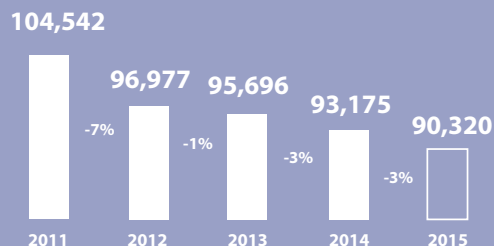
Information updated until May 2016.



Human capital

It is composed of our employees and their competences and experiences, as well as their motivations to innovate, develop and improve processes, products and services, on an ethical and responsible way, through capabilities for management, leadership and cooperation.

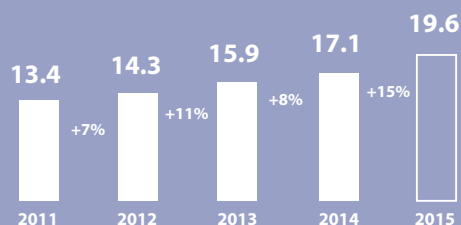
Total employees



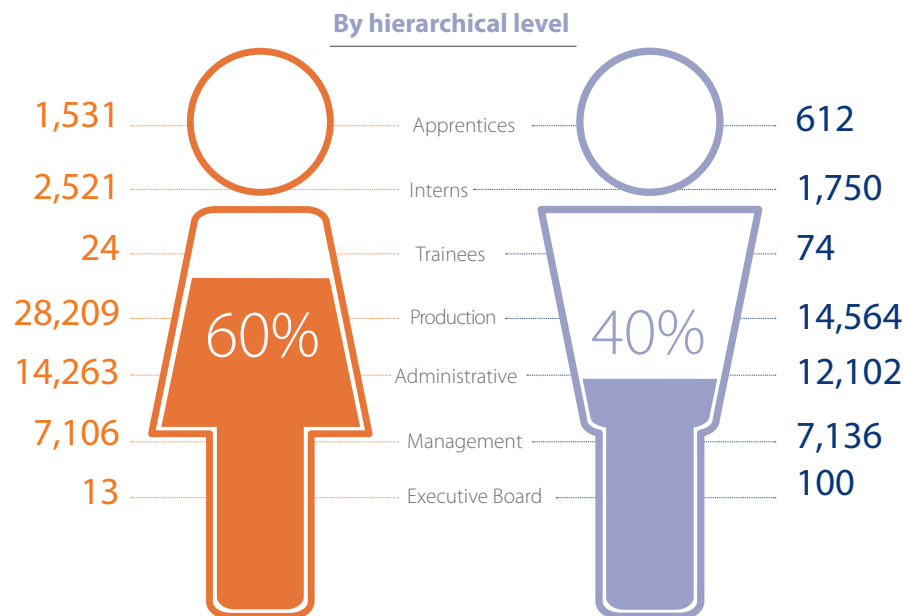
92% allocated in Brazil

8% allocated worldwide

Investment in people | R\$ billion



Profile of our employees managed by the people area



Hiring x (Resignation)	Employees by age group	Hiring x (Resignation)
1,597	Under 30 years	879
(2,227)	Between 30 and 50 years	(1,790)
(674)	Over 50 years	(695)

20% of our employees are black

4.5% of our employees are people with disabilities

We also relate to **45,773** third parties

To learn more about our employees

// We seek profiles that are in line with our culture. People who feel good here and identify with the attributes of "Nosso Jeito". We have a relaxed environment, where creativity can be developed. Here, ideas are welcome and constructive criticism is encouraged. We want to make a difference, just like young people, and when we come together in a project, the engagement necessary to enchant our clients just happens. //

Claudia Politanski,

Vice-President for Legal, Institutional and Human Resources

People area

The purpose of the People Area is to attract, retain and develop the organization's talents, to disseminate the organizational culture (Our Way) and work in partnership with business units in search for a sustainable performance and satisfaction of our clients. Our actions are based on the Personnel Committee's strategic guidelines and we work with a structure of 370 professionals, responsible for 90,005 employees of the organization, throughout the country and abroad.

We look for professionals that, in addition to showing the competences required for the development of their activities, are committed to improving client satisfaction and to becoming future leaders of the organization. Therefore, these professionals will contribute to the creation of value in the long-term, bringing benefits to society as whole and promoting business growth. For this reason, it is essential that values and principles of new employees are in line with our corporate culture and Code of Ethics.

Our diversity profile

The Diversity theme is recognized and valued in our culture, based on three principles: air competitiveness in relation to differences; heterogeneity within the organization (gender, people with disabilities, sexual diversity, ethnicity or race); and implementation of policies and projects that value and promote diversity.

We seek to present the importance of valuing sexual diversity, ethnicity or race, people with disabilities, different generations or beliefs, through seminars, training and other activities that involve in-house communication, such as lectures, materials made available and videos. Therefore, we promote the respectful and elimination of judgments that lead to discrimination.

Meritocracy

Meritocracy is our way to carry out people management. For us, this means leading by recognizing and differentiating employees in accordance with their relative performance. To do so, honest and transparent feedbacks, the offer of development opportunities adequate for the needs of each employee and the role of continuously seeking the best opportunities are required.

Performance Management Program

Over the year, we use three tools to assess the performance of our employees. At the end of the process, our employees received a feedback aiming at presenting strengths and opportunities for improvement. The process offers ideas to create an Individual Development Plan (IDP) for each employee.

- **Assessment of targets:** assesses the quality of "deliveries" of the employee, considering the previously agreed targets.
- **Assessment of behaviour:** assesses "how" results were achieved by the employee, based on the analysis of Our Way.
- **People Strategic Planning (PEP):** consolidates previous assessments to analyze the relative performance of the employee against his/her peer, by a collective body. This program includes more than 50% of employees.

921
complaints in
Internal
Ombudsman

- 81% of complaints were resolved
- 19% of complaints are still being analyzed

Method of Engagement/ How we engage	Frequency	Description
Internal Ombudsman	Ongoing	The means of assessing mechanisms for handling complaints.
Labor unions	Ongoing	We maintain an ongoing dialogue with labor unions representing all our employees in different professional categories.
Meetings	Semiannual	Meetings between bank union representatives and bank representatives, with a presentation of industry statistics and indicators by the bank union FENABAN.
Communication channels	Ongoing	<ul style="list-style-type: none">• E-mail (marketing e-mails, newsletters and statements);• Intranet (Portal Itaú Unibanco);• Digital panels;• Screen protectors;• Itaú Unibanco business magazine;• Teller terminals;• Wooden totems; and• Corporate TV (TV Itaú Unibanco)
Dialogue with Leadership	Annual	Since 2010, the Open Doors program has resulted in meetings between employees, our CEO Roberto Setubal and the president of the board of directors Pedro Moreira Salles to discuss important issues related to the organization. These meetings are also means of spreading our culture and holding dialogue with employees.
Meeting among Leaders	Annual	The opportunity, during which all Itaú Unibanco leaders meet in order to become acquainted with and share the organization's present and future challenges. Leaders Meeting held annually to communicate current-year results, guidelines and strategies.
Speak Frankly Survey	Annual	The Speak Frankly survey is conducted annually with all employees to measure the level of staff satisfaction in relation to the working environment and people management.
Training programs	Ongoing	The Itaú Unibanco Business School devises learning solutions, which match the organization's culture and strategies. It offers specific training programs covering technical and behavioral topics for the needs of the various areas of Itaú Unibanco. It fosters initiatives for developing and continuously improving teams and leaders through the use of a range of methodologies and medias, since people are seen as fundamentally material to the continuation and sustainability of the businesses, delivering results and benefits to the stockholders, employees and society alike.

98% of employees

are currently covered by health plans and

74%

by our dental care plan.

60% of employees

referred to Vocational Rehabilitation Program obtained new internal opportunities, approximately 185 employees.

In 2015, we invested

R\$ 128 million

in training, approximately of 23 hours of training per employee. The average adhesion rate was 91%.

70% of our employees

adhered to our pension plans. In 2015, we contributed with over

R\$ 112 million



Intellectual capital

It is comprised of the reputation achieved by our brand, technical knowledge and ability to develop new technologies, products and services for the maintenance and sustainability of our business.

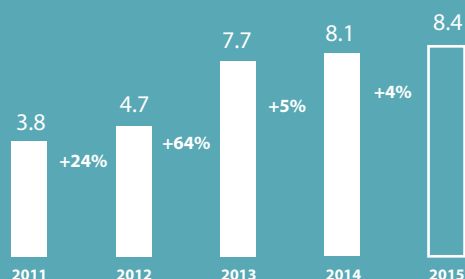
In 2015, we were once again ranked at the top of the Interbrand ranking of most valuable Brazilian brands with an estimated value of R\$24.5 billion. This is the twelfth consecutive year in which we have been at the top of this ranking.

In 2015, our Intellectual Capital accounted for in the balance sheet totaled

R\$8.4 billion ↑4%

It was basically composed of **Intangible Assets (75%)** e **Goodwill (25%)**

Intellectual capital | R\$ billion



Our brand



Our brand aims to promote positive changes in the lives of people and in society and reflect our continuous efforts to provide the best experience for everyone who interacts with us. Our responsibility for the development of the nation is at the very heart of our brand. In addition to the transformation that is inherent to our core business, we also invest in projects related to education, culture, sports and urban mobility.

2015 was a special year for Itaú. We reinforced our positioning as a digital bank by combining innovative technology with our vision of making people's daily lives easier through increasingly simpler financial transactions.

Our intensive use of technology and electronic distribution channels, which has contributed significantly to an increase in sales of products and services, this is one of our most important competitive advantages. We invest in technology because we believe that it is how we will be able to improve the environment for our employees and clients. We focus our efforts on the development of platforms and services that use the best of technology, with the purpose of streamlining and making easier the lives of everybody who relate with the bank, with a focus on mobility and convenience.

Digital Bank or "Digitau"

The digital bank strengthens our historical commitment to technology and client satisfaction, in response to the current demands for convenience, security and time. In the 70's, we had the largest private communication network in Brazil. Meanwhile, in the 80's, we were the first bank to offer service via telephone with voice recognition. Additionally, we were the first Brazilian bank to offer a 100% service platform on the Internet.

In the digital bank, our clients have access, for example, to many exclusive applications, such as ItaúTokpag and PagContas, which allow them to make transfers using a mobile phone number only and schedule the payment of bills. Additionally, we also make available our virtual card, which offers more security in online purchases since a provisory card is generated for each purchase.

Currently, approximately 70% of operations are carried out by our clients in the digital channels, consolidating a new pattern of relationship and offer of products and services. By means of the digital branches, our clients have access to their managers and their support teams from 8 a.m. to 10 p.m., that is, before and after working hours (10 a.m. to 4 p.m.).

To learn more



// Among the main objectives 2017, we note the development of our operations in Latin America, particularly as a result of the merger with Corpbanca in 2016. Now, our challenge is to take the quality of the client service we have in Brazil to our clients in Latin America, respecting the cultural differences and size of operations. As a result, we expect to obtain gains of scale, efficiency and better regional positioning of our brand. //

Candido Botelho Bracher,



Director-General of Wholesale



Manufactured capital

It is composed of equipment and facilities, such as branches, ATMs, applications and systems that are made available by the organization for use and offer of products and services.

Our equipment and facilities provide, primarily, more comfort, convenience and security to our clients and employees. We invest constantly to improve our infrastructure, which is essential for the efficacy and efficiency of our business model.

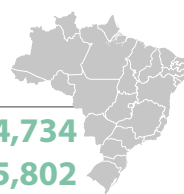
Manufactured capital | R\$ billion



Our distribution network is divided into physical channels that include branches, ATMs and banking service centers, and digital channels, such as Internet Banking and Mobile Banking. It is by means of this distribution network that we offer our products and services to our clients.

Brazil

Branches and CSBs: **4,734**
ATMs: **25,802**



Abroad

Branches: **251**
ATMs: **610**



The volume of banking transactions carried out through internet and mobile channels has grown significantly in recent years. Throughout 2015, we increased the number of our digital branches in response to the profile of our customers. Below, see the evolution in millions of costumers.

	1T10	1T11	1T12	1T13	1T14	1T15	1T16	Variation
Digital Clients	5.0	6.1	7.4	8.5	9.2	10.6	11.9	12%
Internet + mobile	5.0	6.1	7.4	8.5	9.1	10.1	11.1	10%
Apps	0.1	0.4	0.8	1.9	3.4	5.6	7.2	29%
Bidirectional SMS	0.0	0.0	0.0	0.1	0.3	1.3	1.6	23%

Administrative centers and offices

In 2015, we own our principal administrative offices, which included 8 office buildings, having a total area of 427,036 square meters, located primarily in São Paulo, Brazil. These offices include our head office, and a number of other administrative buildings, where administrative functions are performed, such as commercial department, back offices, wholesale and investment bank activities, and also our data processing center. We owned approximately 19% of our administrative offices and branches and leased approximately 81%.

Data Center – CTMM

On January 27, 2012, we announced the construction of a new Data Center in the State of São Paulo. The land with approximately 815,000 sq. m. – more than 120 soccer fields – is the largest green technological center in Latin America with LEED certification.

Between 2012 and 2015, we invested **R\$11.1 billion** in technology, innovation and services.

These investments were made in data processing systems, purchase of software, system development and in our new Data Center built in the State of São Paulo, which opened in March 2015. This technology center will provide an increase in the processing and storage capacity of our operations by 25 times, in addition to providing a 43% reduction in the use of energy, as compared to our current consumption.

The new data center will support our growth up to 2050, ensuring the high performance and availability of our operations.

To learn more



“ The newest technology center represents the greatness and vanguard of our operations. Everything is new in the sense of dimension. Nobody has ever done anything as big as it so quickly and so punctually! A migration that involved approximately 60 million clients and 4,000 transactions per second, in a changing scenario of processing model. This technological center is our main pillar for the organization's growth over the coming decades. ”

Marcio de Andrade Schettini,

General Technology and Operations Office



Natural capital

This is composed of renewable and nonrenewable environmental resources consumed or affected by the business for the prosperity of the organization. We are mainly talking about air, water, soil, ores, forests and biodiversity.

We understand that, even though we are a service business, our activities have an impact on the environment, direct, through the operation of our administrative units, branch networks and technology centers, and indirect, through our loan and financing operations. Our main sources of electricity and water consumption, for example, come from cooling systems and the use of electronic equipment. We continuously strive to improve our energy efficiency through best market practices, ambitious goals and an increasingly robust management of natural resource consumption.

Our management is segregated by administrative units, branches and data centers, and all areas work with the sustainability team. All data concerning the water consumption, energy, waste generation, effluent treatment, CO₂ emissions, etc. are collected and consolidated by the sustainability team. Our reduction targets and improvement actions to achieve these goals are managed jointly, seeking the highest efficiency in the use of resources and a smaller environmental impact.

To learn more



Water – The year 2015 was critical from the standpoint of water resources throughout Brazil. The Southeast was the main region affected by water scarcity and it concentrates much of our demand, so the work on this issue is extremely relevant for us. In summary, our water resources come mostly from the public water supply and to a lesser extent from artesian wells. Therefore, the water crisis could pose a significant risk to continuity for our business. In 2014, a response plan for emergency water and energy rationing was prepared to ensure the supply and business continuity of the bank. Following the implementation of the plan in 2015, we continued actions to monitor and improve the bank's resilience in a possible event of rationing, especially periodic awareness campaign with employees on the importance of the responsible use of water and energy.



Electric energy – Our main sources of electric energy consumption are the electronic and cooling equipment. Aware that our operation depends largely on the availability of electricity, we continually seek to improve our energy efficiency through best market practices and reduction targets. Currently, 81% of all electricity consumption in administrative buildings comes from the free market, more specifically from renewable sources such as solar, wind and biomass power and SHP (Small Hydro Power Plant). However, the capillarity of the branch network and the beginning of the Data Center activities constitute a great challenge for our standardization of electricity use.



Emissions – Our inventory is prepared in accordance with the methodology of the Brazilian GHG Protocol Program. We also are a signatory to the Carbon Disclosure Project (CDP) besides being part of the ISE, ICO₂ and DJSI portfolios, in which we annually report our emissions. Furthermore, as from 2015, we began to offset direct emissions and part of our indirect emissions coming from our newly launched CTMM Data Center through the purchase of certified carbon credits with proven cobenefits. With the purchased carbon credits, we offset our 2012-2015 scope 1 emissions as well as the CTMM's scope 2 emissions, totaling 47,332.33 tCO₂e. During testing or in the event of failures in the power distribution system, we are required to turn on our generating system in order to ensure 100% availability of our facilities and business continuity, that directly impact our emissions.



Waste – Our main effort in the management of the waste generated by our operations is to stop its generation and encourage recycling and responsible disposal. Additionally, we try to reduce the waste sent to landfills. We adopted the selective garbage collection in our main centers and organized a collection for the sustainable disposal of all our electric and electronic waste generated in the operations. Additionally, we have composting systems in four administrative buildings.



Paper – With the constant digitalization of our business and operations, the total consumption of paper tends to drop significantly due to the use of the digital media. It is worth noting that 100% of the paper printed by us is certified by the Forest Stewardship Council (FSC). The use of paper in the communication with our clients represents the majority of the volume generated. However, campaigns such as digital billing and the forwarding of bank statements in PDF files has helped reduce these volumes.

// In times of scarcity natural resources, such as water and energy, in addition to the excess of pollution from waste, it is essential to take measures to reduce consumption and generation of waste. Reducing and optimizing the use of these resources is everyone's responsibility. For this reason, we have been trying to reduce the direct and indirect impact of our operations for long, improving our efficiency and contributing to a more sustainable performance. //

**Marco Ambrogio
Crespi Bonomi,**



General Retail Manager

Governance

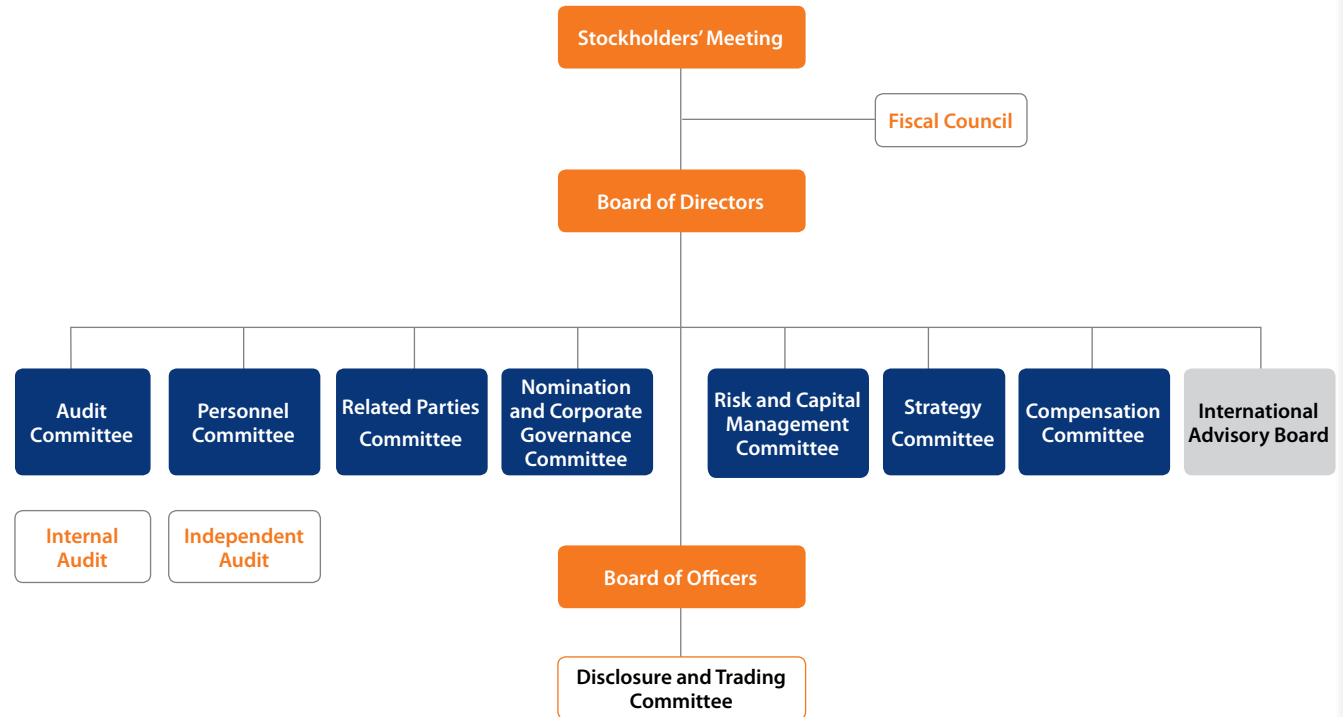
The adoption of good corporate governance practices adds value to a company, facilitates its access to capital and contributes to its longevity. Therefore, we have adopted corporate governance practices aligned with best practices adopted in the Brazilian and foreign markets. We seek constant development of our management policies and mechanisms so as to ensure excellence in our practices and sustainable growth for our company.

Our management is structured so as to ensure that matters are extensively discussed and decisions are made on a collective basis. The chart and text below presents our management bodies, their main functions and the management members that compose them.



To learn more about our **Governance** 

Management Structure



Stockholders' Meeting

Our Annual General Stockholders' Meeting is our highest decision making body, which gathers stockholders on a regular basis before the end of April of each year and, on a special basis, whenever corporate interests so require.

Fiscal Council

The Fiscal Council is an independent body composed of three to five members, and the same number of alternates, elected annually by our stockholders to supervise the activities of our management, to examine our financial statements for the year ended and to issue an opinion on such financial statements, among other duties established by Brazilian law. The fiscal council must operate independently from management, our external auditors and the Audit Committee.

Board of Directors

Our Board of Directors is the body responsible for establishing the general guidelines of our business, including our controlled companies, and is elected annually by our stockholders.

Audit Committee

The Audit Committee is a statutory body responsible for overseeing the quality and integrity of our financial statements, the compliance with legal and regulatory requirements, the performance, independence and quality of the services provided by our independent auditors and the work performed by our internal auditors, as well as the effectiveness of our internal controls and risk management systems. It is entirely composed of independent members.

Personnel Committee

The Personnel Committee is responsible for establishing the main guidelines related to personnel. Its duties include establishing guidelines related to talent attraction and retention, recruiting and qualification, and our long term incentive programs.

Related Parties Committee

The Related Parties Committee is responsible for analyzing transactions between related parties in the circumstances specified by our Transactions with Related Parties Policy in order to ensure equality and transparency in such transactions. It is entirely composed of independent members.

Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee is responsible for stimulating and overseeing discussions of matters related to our governance. Its duties include analyzing and issuing opinions on situations of potential conflicts of interest between the directors and companies of the Itaú Unibanco Group, periodically reviewing the criteria for nomination of our independent directors, in accordance with governance principles and applicable regulation, giving methodological and procedural support for the assessment of the Board of Directors, individual directors, committees and chief executive officer, and discussing and making recommendations on the succession of the directors and chief executive officer.

Risk and Capital Management Committee

The Risk and Capital Management Committee is responsible for supporting the Board of Directors in performing its responsibilities related to our capital and risk management as well as submitting reports and recommendations on these topics for the approval of the Board of Directors. Its duties include establishing our risk appetite and minimum return expected on our capital, overseeing our risk control and management activities in order to assure their adequacy to the risk levels assumed and the complexity of our operations as well as the compliance with regulatory requirements. It is also responsible for promoting the improvement of our risk culture.

Strategy Committee

The Strategy Committee is responsible for leading discussions of strategic matters critical to us. Its duties include proposing budgetary guidelines for the Board of Directors, and issuing opinions and recommendations on the strategic guidelines and investment opportunities in order to support the decisions of the Board of Directors.

Compensation Committee

The Compensation Committee is responsible for leading discussions of matters related to our management compensation. Its duties include developing the Compensation Policy for our management members, proposing to our Board of Directors different methods of fixed and variable compensation, in addition to benefits and special recruiting and termination programs, discussing, analyzing and overseeing the implementation and operation of our existing compensation models, and discussing the general principles for the compensation of our employees.

International Advisory Council

The International Advisory Council is responsible for evaluating the prospects for the world economy and the adoption by us of internationally accepted codes and standards, especially with respect to monetary and financial policy, corporate governance, capital markets, payments systems and prevention of money laundering, in order to contribute towards strengthening our presence in the international financial community and to provide guidelines for the Board of Directors.

Disclosure and Trading Committee

The Disclosure and Trading Committee reports to the Board of Officers and is comprised of members of the Board of Directors and of the Board of Officers of Itaú Unibanco Holding or any company of the Itaú Unibanco Group, and professionals of proven knowledge in the capital markets area, appointed by our Investor Relations Officer, who is also a permanent member of the committee. The committee is responsible for managing our Policy of Material Information Disclosure and our Policy on Trading of Securities. We were among the first publicly held companies in Brazil to have such a committee. The duties of the Disclosure and Trading Committee include carrying out internal actions intended to improve the information flow and foster the ethical conduct of our management members and our employees in order to ensure transparency, quality, equality and security in the information provided to our stockholders, investors and other participants in the capital markets.

Board of Officers

Our Board of Officers is elected annually by the Board of Directors and its role is to implement the guidelines proposed by our Board of Directors. The officers manage our daily business activities, ensuring the best allocation and management of our funds to accomplish our established goals. The structure of our Board of Officers takes into account the segmentation of our businesses, which demands in-depth knowledge in different areas, skills and business sectors given our organization's complexity.

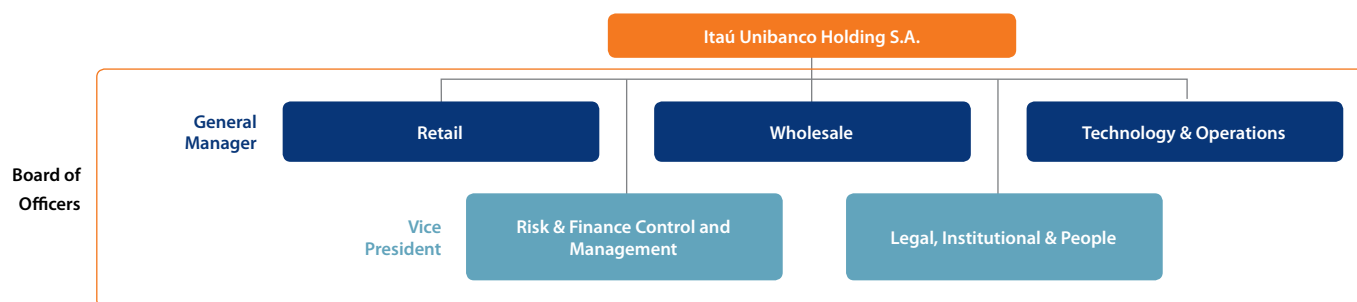
Pursuant to Brazilian law, the election of each member of our Board of Officers must be approved by the Central Bank. Also under Brazilian law, an acting officer retains his or her position until he or she is reelected or a successor takes office. Our officers are subject to internal and periodic assessment, in which performance criteria such as client satisfaction, personnel and financial management are considered.

Annual evaluation of the Board of Directors and Board Committees

To assess the performance of our management and in order to comply with best corporate governance practices, we annually carry out an evaluation of our Board of Directors, its members and its Chairman, as well as the Board committees. Decisions regarding whether to propose the reelection of Board members to the Annual General Shareholders' Meeting and of members of the Board committees to the Board take into account both (i) positive performance results and high attendance to meetings during the previous term and (ii) the level of independence and industry experience.

The evaluation process is conducted by an independent person, responsible for distributing specific questionnaires to the Board of Directors and to each of the Board committees, as well as interviewing members of the Board and Board committees individually. The independent person is also responsible for analyzing the answers and comparing them to the results from the previous years to identify and address any findings and/or gaps relating to the Board of Directors or the Board committees that may be revealed by this process.

As announced on February 23, 2015, structural changes in our direction were performed. The following table shows our Board, composed of three general managers and two vice presidents.



Our risk management

This section addresses the risks we consider relevant for our business and for investment in our securities. Should any of these events occur, our business and financial condition, as well as the value of the investments made in our securities, may be adversely affected. Accordingly, investors should carefully assess the risk factors described below and the information disclosed in this document.

Other risks that we currently deem irrelevant or we are not aware of may give rise to effects similar to those mentioned above should they actually occur.

We also highlight the most exposed to our risk factors capital, according to our evaluation criteria.



Macroeconomic risks

Changes in economic conditions may adversely affect us



Our operations are dependent upon the performance of the Brazilian economy and, to a lesser extent, the economies of other countries in which we do business. The demand for credit and financial services, as well as clients' ability to pay is directly impacted by macroeconomic variables, such as economic growth, income, unemployment, inflation, and fluctuations in interest and foreign exchange rates. Therefore, any significant change in the Brazilian economy and, to a lesser extent, in the economies of other countries in which we do business may affect us.

Brazilian authorities exercise influence on the Brazilian economy. Changes in monetary, fiscal and foreign exchange policies and in the Brazilian government's structure may adversely affect us



Brazilian authorities intervene from time to time in the Brazilian economy, through changes in fiscal, monetary, and foreign exchange policies, which may adversely affect us. These changes may impact variables that are crucial for our growth strategy (such as foreign exchange and interest rates, liquidity in the currency market, tax burden, and economic growth), thus limiting our operations in certain markets, affecting our liquidity and our clients' ability to pay.

In addition, changes in the Brazilian government's structure may result in changes in government policies, which may affect us. This uncertainty may, in the future, contribute to an increase in the volatility of the Brazilian capital markets, which, in turn, may have an adverse impact on us. Other political, diplomatic, social and economic developments in Brazil and abroad that affect Brazil may also affect us.

Inflation and fluctuations in interest rates may have a material adverse effect on us



Sudden increases in prices and long periods of high inflation may cause, among other effects, loss of purchasing power and distortions in the allocation of resources in the economy. Measures to combat high inflation rates include a tightening of monetary policy, with an increase in the SELIC interest rate, resulting in restrictions on credit and shortterm liquidity, which may have a material adverse effect on us. Changes in interest rates may have a material effect on our net margins, since they impact our funding and credit granting costs.

In addition, increases in the SELIC interest rate could reduce demand for credit; increase the costs of our reserves and the risk of default by our clients. Conversely, decreases in the SELIC interest rate could reduce our gains from interest-bearing assets, as well as our net margins.

Instability of foreign exchange rates may negatively affect us



Brazil has a floating foreign exchange rate system, pursuant to which the market establishes the value of the Brazilian real in relation to foreign currencies. However, the Central Bank may intervene in the purchase or sale of foreign currencies for the purpose of easing variations and reducing volatility of the foreign exchange rate. In spite of those interventions, the foreign exchange rate may significantly fluctuate. In addition, in some cases, interventions made with the purpose of avoiding sharp fluctuations in the value of the Brazilian real in relation to other currencies may have the opposite effect, leading to an increase in the volatility of the applicable foreign exchange rate.

Government fiscal accounts deterioration may affect us



The fiscal accounts deterioration if maintained, could generate a lack of confidence in local and foreign investors. Less credibility could lead to the downgrading of the Brazilian sovereign debt by credit rating agencies, and negatively impact the local economy, causing the depreciation of the Brazilian real, an increase in inflation and interest rates and a deceleration of economic growth, thus adversely affecting our business, results of operations and financial condition.

Crises and volatility in the financial markets of countries other than Brazil may affect the global financial markets and the Brazilian economy and have a negative impact on our operations



The economic and market conditions of other countries, including the United States, countries of the European Union, and emerging markets, may affect the credit availability and the volume of foreign investments in Brazil, to varying degrees. Crises in these countries may decrease investors' interest in Brazilian assets, which may materially and adversely affect the market price of our securities, making it more difficult for us to access capital markets and, as a result, to finance our operations in the future.

Banks that operate in countries considered as emerging markets, including ours, may be particularly susceptible to disruptions and reductions in the availability of credit or increases in financing costs, which may have a material adverse impact on their operations. In particular, the availability of credit to financial institutions operating in emerging markets is significantly influenced by aversion to global risk.

Ongoing high profile anti-corruption investigations in Brazil may affect the perception of Brazil and domestic growth prospects



Certain Brazilian companies in the energy and infrastructure sectors are facing investigations by the CVM, the SEC, the U.S. Department of Justice (DOJ), the Brazilian Federal Police and other Brazilian public entities who are responsible for corruption and cartel investigations, in connection with corruption allegations (so called Lava Jato investigations) and, depending on the outcome of such investigations and the time it takes to conclude them, they may face downgrades from credit rating agencies, experience funding restrictions and have a reduction in revenues, among other negative effects. Such negative effects may hinder the ability of those companies to timely honor their financial obligations bringing losses to us as a number of them are our clients. The companies involved in the Lava Jato investigations, a number of which are our clients, may also be prosecuted by investors on the grounds that they were misled by the information released to them, including their financial statements.

Moreover, the current corruption investigations have contributed to reduce the value of the securities of several companies. The investment banks (including Itaú BBA Securities) that acted as underwriters on public distributions of securities of such investigated companies are also parties to certain law suits in the U.S. and may be parties to other legal proceedings yet to be filed.

After reviewing our control procedures and our monitoring systems, we believe we are in compliance with the existing standards, especially related to anti-money laundering standards; notwithstanding, due to the size and breadth of our operations and our commercial relationship with investigated companies or persons we may also become scope of such investigations, which may ultimately result in reputational damage and/or civil liability. Negative effects on a number of companies may also impact the level of investments in infrastructure in Brazil, which may also lead to lower economic growth.

Legal and regulatory risks

Changes in applicable law or regulations may have a material adverse effect on our business



Changes in the law or regulations applicable to financial institutions in Brazil may affect our ability to grant loans and collect debts in arrears, which may have an adverse effect on us. Our operations could also be adversely affected by other changes, including with respect to restrictions on remittances abroad and other exchange controls as well as by interpretations of the law by courts and agencies in a manner that differs from our legal advisors' opinions.

In the context of economic or financial crises, the Brazilian government may also decide to implement changes to the legal framework applicable to the operation of Brazilian financial institutions. For example, the implementation of the Basel III framework is completed for Brazilian banks and its effects fully evaluated, we may need to reassess our funding strategy for regulatory capital should additional regulatory capital be required to support our operations under the new standards.

We also have operations outside of Brazil, including, but not limited to, Argentina, Chile, Colombia, Paraguay, United Kingdom, Uruguay, United States and Switzerland. Changes in the laws or regulations applicable to our business in the countries where we operate, or the adoption of new laws, and related regulations, may have an adverse effect on us.

Increases in compulsory deposit requirements may have a material adverse effect on us



Compulsory deposits are reserves that financial institutions are required to maintain with the Central Bank. Compulsory deposits generally do not provide the same returns as other investments and deposits because a portion of these compulsory deposits does not bear interest; instead, these funds must be held in Brazilian federal government securities and used to finance government programs, including a federal housing program and rural sector subsidies. The Central Bank has periodically changed the minimum level of compulsory deposits. Increases in such level reduce our liquidity to grant loans and make other investments and, as a result, may have a material adverse effect on us.

We are subject to regulation on a consolidated basis and may be subject to liquidation or intervention on a consolidated basis



We operate in a number of credit and financial services related sectors through entities under our control. For regulation or supervision purposes, the Central Bank treats us and our subsidiaries and affiliates as a single financial institution. While our consolidated capital base provides financial strength and flexibility to our subsidiaries and affiliates, their individual activities could indirectly put our capital base at risk. Any investigation or intervention by the Central Bank, particularly in the activities carried out by any of our subsidiaries and affiliates, could have a material adverse impact on our other subsidiaries and affiliates and, ultimately, on us.

Holders of our shares and ADSs may not receive any dividends



Corporations in Brazil are legally required to pay their stockholders a minimum mandatory dividend at least on a yearly basis (except in specific cases provided for in applicable law). Our Bylaws determine that we must pay our stockholders at least 25% of our annual net income calculated and adjusted pursuant to Brazilian Corporate Law. Applicable Brazilian legislation also allows corporations to consider the amount of interest on shareholders' equity distributed to their stockholders for purposes of calculating the minimum mandatory dividends. Notwithstanding, the calculation of net income pursuant to the Brazilian Corporate Law may significantly differ from our net income calculated under IFRS.

Brazilian Corporate Law also allows the suspension of the payment of the mandatory dividends in any particular year if our Board of Directors informs our general shareholders meeting that such payment would be incompatible with our financial condition. Therefore, in the occurrence of such event, the holders of our shares and ADSs may not receive any dividends.

Pursuant to its regulatory powers provided under Brazilian law and banking regulations, the Central Bank may at its sole discretion reduce or determine that no dividends will be paid by a financial institution if such restriction is necessary to mitigate relevant risks to the Brazilian financial system or the financial institution.

Tax reforms may adversely affect our operations and profitability



The Brazilian government regularly amends tax laws and regulations, including by creating new taxes, which can be temporary, and changing tax rates, the basis on which taxes are assessed or the manner in which taxes are calculated, including in respect of tax rates applicable solely to the banking industry. Tax reforms may reduce the volume of our transactions, increase our costs or limit our profitability.

Decision on lawsuits related to government monetary stabilization plans may have a material adverse effect on us



We are defendants in numerous standardized lawsuits filed by individuals in respect of the monetary stabilization plans, or MSP, from 1986 to 1994, implemented by Brazilian federal government to combat hyper-inflation. We record provisions for such claims upon service of process for a claim.

In addition, we are defendants in class actions, similar to the lawsuits by individuals, filed by either (i) consumer protection associations or (ii) public attorneys' office (Ministério Público) on behalf of holders of savings accounts. Holders of savings accounts may collect any due amount due based on such a decision. We record provisions when individual plaintiffs apply to enforce

such decisions, using the same criteria used to determine provisions for individual lawsuits.

We are also subject to operational risks associated with the handling and conducting of a large number of lawsuits involving government monetary stabilization in case of loss.

Tax assessments may adversely affect us



As part of the normal course of business, we are subject to inspections by federal, municipal and state tax authorities. These inspections, arising from the divergence in the understanding of the application of tax laws may generate tax assessments which, depending on their results, may have an adverse effect on our financial results.

Risks associated with our business

Market risk factor



The value of our securities and derivatives is subject to market fluctuations due to changes in Brazilian or international economic conditions and, as a result, may subject us to material losses. The securities and derivative financial instruments in our portfolio may cause us to record gains and losses, when sold or marked to market (in the case of trading securities), and may fluctuate considerably from period to period due to domestic and international economic conditions.

We cannot predict the amount of realized or unrealized gains or losses for any future period. Gains or losses on our investment portfolio may not contribute to our net revenue in the future or may cease to contribute to our net revenue at levels consistent with more recent periods. We may not successfully realize the appreciation or depreciation now existing in our consolidated investment portfolio or in any assets of such portfolio.

Operational risk factor



Failures, deficiency or inadequacy of our internal processes and human error or misconduct may adversely affect us. Although we have in place information security controls, policies and procedures designed to minimize human error, and make continuous investments in infrastructure, management of crises and operations, the operational systems related to our business may stop working properly for a limited period of time or may be temporarily unavailable due to a number of factors. These factors include events that are totally or partially beyond our control such as power outages, interruption of telecommunication services, and generalized system failures, as well as internal and external events that may affect third parties with which we do business or that are crucial to our business activities (including stock exchanges, clearing houses, financial dealers or service providers) and events resulting from wider political or social issues, such as cyber-attacks or unauthorized disclosures of personal information in our possession. Operating failures, including those that result from

human error or fraud, not only increase our costs and cause losses, but may also give rise to conflicts with our clients, lawsuits, regulatory fines, sanctions, interventions, reimbursements and other indemnity costs, all of which may have a material adverse effect on our business, reputation and results of operations.

Competition risk factor



We face risks associated with the increasingly competitive environment and recent consolidations in the Brazilian banking industry. We face significant competition from other large Brazilian and international banks. Competition has increased as a result of recent consolidations among financial institutions in Brazil and of regulations that increase the ability of clients to switch business between financial institutions. Such increased competition may adversely affect us by, among other things, limiting our ability to retain or increase our current client base and to expand our operations, or by impacting the fees and rates we adopt, which could reduce our profit margins on banking and other services and products we offer.

Credit risk factors



Our historical loan loss experience may not be indicative of our future loan losses. While the quality of our loan portfolio is associated with the default risk in the sectors in which we operate, changes in our business profile may occur due to our organic growth or merger and acquisition

activity, changes in local economic conditions and, lesser extent, in the international economic environment, in addition to changes in the tax regimes applicable to the sectors in which we operate, among other factors.

We have significant exposure to Brazilian federal government debt. As most Brazilian banks, we invest in debt securities issued by the Brazilian government. In 2015, approximately 14% of all our assets and 60.5% of our securities portfolio were comprised of these debt securities. Any failure by the Brazilian government to make timely payments under the terms of these securities, or a significant decrease in their market value could negatively affect our results of operations and financial condition.

Underwriting risk factor



Inadequate pricing methodologies for insurance, pension plan and premium bond products may adversely affect us. Our insurance and pension plan subsidiaries establish prices and calculations for our insurance and pension products based on actuarial or statistical estimates. The pricing of our insurance and pension plan products is based on models that include a number of assumptions and projections that may prove to be incorrect, since these assumptions and projections involve the exercise of judgment with respect to the levels and timing of receipt or payment of premiums, contributions, provisions, benefits, claims, expenses, interest, investment results, retirement, mortality, morbidity and persistency. We could suffer losses due to events that are contrary to our expectations directly or indirectly based on incorrect biometric and economic assumptions or faulty actuarial bases used for contribution and provision calculations.

Management risk factors



Our policies, procedures and models related to risk control may be ineffective and our results may be adversely affected by unexpected losses. Our risk management methods, procedures and policies, including our statistical models and tools for risk measurement, such as value at risk (VaR), and default probability estimation models, may not be fully effective in mitigating our risk exposure in all economic environments or against all types of risks, including those that we fail to identify or anticipate. Some of our qualitative tools and metrics for managing risk are based on our observations of the historical market behavior. In addition, due to limitations on information available in Brazil, to assess clients' creditworthiness, we rely largely on credit information available from our own databases, on certain publicly available consumer credit information and other sources.

Our results of operations and financial position depend on our ability to evaluate losses associated with risks to which we are exposed and on our ability to build these risks into our pricing policies. We recognize an allowance for loan losses aiming at ensuring an allowance level compatible with the expected loss, according to internal models credit risk measurement. The calculation also involves significant judgment on the part of our management. Those judgments may prove to be incorrect or change in the future depending on information as it becomes available. These factors may adversely affect us.

Strategy risk factors



Our controlling stockholder has the ability to direct our business.

As of January 31, 2016, IUPAR, our controlling stockholder, directly owned 51.00% of our common shares and 25.54% of our total share capital, giving it the power to appoint and remove our directors and officers and determine the outcome of any action requiring stockholder approval, including transactions with related parties, corporate reorganizations and the timing and payment of dividends.

In addition, IUPAR is jointly controlled by Itaúsa, which, in turn, is controlled by the Egydio de Souza Aranha family, and by Cia. E. Johnston, which in turn is controlled by the Moreira Salles family. The interests of IUPAR, Itaúsa and the Egydio de Souza Aranha and Moreira Salles families may be different from the interests of our other stockholders.

The integration of acquired or merged businesses involves certain risks that may have a material adverse effect on us.

As part of our growth strategy in the Brazil and Latin America financial sector, we have engaged in a number of mergers, acquisitions and partnerships with other companies and financial institutions in the past and may pursue further such transactions in the future. Any such transactions involve risks, such as the possible incurrence of unanticipated costs as of result of difficulties in integrating systems, finance, accounting and personnel platforms, fail in diligence or the occurrence of unanticipated contingencies. In addition, we may not achieve the operating and financial synergies and other benefits that we expected from such transactions.

There is also the risk that antitrust and other regulatory authorities may impose restrictions or limitations on the transactions or on the businesses that arise from certain combinations or applying fines or sanction due to the interpretation of the authorities of irregularities on a

corporate merger, consolidation or acquisition, even if the institution has done this legally, clearly and transparently, as they and the experts in corporate law understood. If we are unable to take advantage of business growth opportunities, cost savings and other benefits we anticipate from mergers and acquisitions, or if we incur greater integration costs than we have estimated, then we may be adversely affected. We may experience financial and reputational losses associated to socio-environmental risks. Socio- environmental issues and water scarcity are the most evident socio-environmental risk factors that might impact our internal operations and our business. Another risk that may impact us is related to the financing of activities in sectors that are more exposed to socio-environmental impact, such as mining, construction of hydroelectric power plants, cattle breeding, and more, which demand higher diligence for its mitigation. Socio-environmental risks may affect the payment flow of our customers and, therefore, cause late payments or default, especially in the event of major socio-environmental impacts.

Socio-environmental risk factors



We may experience financial and reputational losses associated to socio-environmental risks.

Socio-environmental issues and water scarcity are the most evident socio-environmental risk factors that might impact our internal operations and our business. Another risk that may impact us is related to the financing of activities in sectors that are more exposed to socio-environmental impact, such as mining, construction of hydroelectric power plants, cattle breeding, and more, which demand higher diligence for its mitigation.

Socio-environmental risks may affect the payment flow of our customers and, therefore, cause late payments or default, especially in the event of major socio-environmental impacts.

Financial reporting risks



We make estimates and assumptions in connection with the preparation of our consolidated financial statements, and any changes to those estimates and assumptions could have a material adverse effect on our operating results.

In connection with the preparation of our consolidated financial statements, we use certain estimates and assumptions based on historical experience and other factors. While we believe that these estimates and assumptions are reasonable under the circumstances, they are subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to have been incorrect, our reported operating results could be materially adversely affected.

As a result of the inherent limitations in our disclosure and accounting controls, misstatements due to error or fraud may occur and not be detected.

[Learn more about our main risks](#)



Our business

The diversification of our business is reflected in the variable composition of our loan portfolio over the last few years, focusing on origination in lower risk segments with increased guarantees. We are constantly seeking to implement and focus on the offer of new products and services that add value to our clients and diversify our sources of income, allowing for growth of our non-financial income, arising mainly from banking service fees, income from bank charges and from insurance, pension plan and capitalization operations.



Our business

Credit cards and commercial agreements

Through proprietary and partnership operations with major retailers, telephone carriers, automakers and airline companies established in Brazil, we offer a wide range of credit and debit cards to more than 60 million current and non-current account holders.

Our main goals in the credit card business are to continually grow our portfolio, improve its profitability, manage the quality of our assets and pursue the total satisfaction of our clients.

The Brazilian credit card market is highly competitive, growing 13% over the last four years, according to the Brazilian Association of Credit Card Companies and Services (Associação Brasileira das Empresas de Cartões de Crédito e Serviços, or ABCEC). Our main competitors in this business are Banco do Brasil S.A., Banco Bradesco S.A., Banco Santander Brasil S.A. and Caixa Econômica Federal.

We are the **leaders** in terms of transaction purchase volume of cards in Brazil, with a **37.1% market share**.

Payroll loans

A payroll loan is a loan with fixed installments that is directly deducted from the borrower's payroll to the bank's account without being recorded in the debtor's account.

Our strategy is to expand our activities in businesses with historically lower risk, achieving a leading position in the offering, distribution and sale of payroll loans in Brazil.

We obtained a market share **16.6%** in terms of payroll loans, positioning us as the **third largest** bank in this segment in Brazil. Our main competitors in this business are Banco do Brasil S.A., Caixa Econômica Federal, Banco Bradesco S.A. and Banco Santander Brasil S.A.

Vehicle financing

Since 2012, we have reduced our risk exposure in this sector and focused on clients with better risk profiles, which allowed us to improve the credit quality of our vehicle loan portfolio. The relationship between the loan amount and the value of the goods purchased reached 71%, following a downward trend from the previous year, when it reached 74%.

We reached a **market share 11.8%** in terms of loans to individuals among banks, positioning us **fourth** in Brazil in this segment.

Real estate financing and mortgages

We have been leaders in mortgage loans to individuals among Brazilian private banks from 2008 to 2015, which reflects our focus on this business aligned with our strategy of migrating to lower risk portfolios.

We offer products through our network of branches and brokers, as well as through our partnership with RE/MAX and our joint venture with LPS Brasil Consultoria de Imóveis S.A. (Lopes), called "Credipronto". These two longterm agreements provide us with exclusive real estate financing origination at a greater number of locations throughout Brazil.

We were the **leaders** in new loans to individuals among Brazilian private banks, with **38.7% market share** and, **second place** in terms of new loans to individuals, among all Brazilian banks, with a **19.2% market share**. The main player in the Brazilian real estate market is Caixa Econômica Federal (CEF), a government owned bank. CEF is focused on real estate financing and is the leader in this market. Other competitors include Banco do Brasil S.A., Banco Santander Brasil S.A. and Banco Bradesco S.A.

Microcredit

Our microcredit unit offers to low-income entrepreneurs who do not have the necessary attributes to participate in the traditional financial system the chance to expand and develop their businesses. Our investment in microcredit is part of our strategy to act as agents of transformation in society. Microcredit is also important as it reinforces our vision of sustainability and increases our ability to spread our knowledge in financial education.

Consortia

A consortium is a self-financing system created in Brazil with a view to foster savings for the purchase of vehicles and other assets, such as real estate. Pursuant to consortium agreements, participants are pooled according to the specific asset they elect to purchase, which will be paid for in installments. As consortia are regarded as a provision of services under Brazilian law, the management of consortia does not give rise to default risk or regulatory capital requirements for us. Since consortia do not charge interest rates, our revenues come mainly from the administration fee charged to clients.

We had a **market share 10.1%** in total consortia services fees. Considering only banks, we are the **second largest** provider of such services in terms of fees in Brazil. Considering only banks, our main competitors in the Brazilian consortia market are Bradesco Adm. Consortia and BB Consortia.

Merchant acquirer

REDE (formerly Redecard) is one of the two largest multi-brand acquirers of credit, debit and benefit card transactions in Brazil. Our goal is to be the main partner for merchants that are seeking higher business potential with a focus on IT investments, infrastructure and POS modernization. In October 2015, we acquired 50% of the capital stock of ConectCar, a company which operates in the payment services business that provides intermediation services for the automatic payment of tolls, gas and parking fees. The acquisition is in line with REDE's strategy of developing innovative electronic payment channels with high growth potential in the Brazilian market.

We reached **36.5% of market share**, in terms of total transaction volume (credit and debit) generated by the acquiring services, positioning us as the **second largest** player in this segment in Brazil. Our main competitors in this business are Cielo S.A., Getnet Tecnologia em Captura e Processamento de Transações and Banco Bankpar S.A. (American Express).

Insurance

Our insurance business provides a wide range of life and personal accident products, automobile and property insurance, credit insurance and travel insurance. Our insurance core activities, which include our 30% stake in Porto Seguro, consist of mass-market insurance products related to life, property and credit.

We reached **11.1% of market share** in total insurance market based on earned premiums, positioning us as the **third largest** insurance provider in this segment in Brazil. Considering only our insurance core activities, our market share reached **14.3% of this market** in the same period. The Brazilian insurance market is highly competitive. Our main competitors in this sector, excluding health insurance providers, are affiliated with large commercial banks, such as Banco Bradesco S.A. and Banco do Brasil S.A.

Private pension plans

We offer private pension plans to our clients as an option for wealth and inheritance planning and income tax purposes. We provide our clients with a solution to ensure the maintenance of their quality of life, as a supplement to government plans, through long-term investments.

We represent **23.4% of the market share** for pension plans, positioning us as **third largest** pension provider in Brazil. Our main competitors in private retirement plan products are controlled by large commercial banks, such as Banco Bradesco S.A. and Banco do Brasil S.A.

Premium bonds

Premium bonds are fixed deposits products pursuant to which a client makes a one-time deposit or monthly deposits of a fixed sum that will be returned at the end of a designated term. Ownership in premium bonds automatically qualifies a customer to participate in periodic raffles, each time with the opportunity to win a significant cash prize.

Our market share in Brazil was **12.9%, in terms of revenues** from sales of premium bonds, positioning us as the **third largest** provider of such products in this segment in Brazil. Our main competitors in premium bonds are controlled by large commercial banks, such as Banco Bradesco S.A. and Banco do Brasil S.A.

In 2015, we changed our organizational structure. The previous four segments were reorganized and now consist of three segments: **Retail Banking, Wholesale Banking, and Activities with the Market and Corporation.**

Retail Banking

The Retail Banking segment offers services to a diversified base of account holders and non-account holders, individuals and companies. This segment represents an important funding source for our operations and generates significant financial income and banking fees. This segment is segregated according to customer

profiles, which allows us to be closer and understand our customer's needs, enabling us to better offer the most suitable products to meet their demands.

Itaú Retail Banking (individuals)

Our core business is retail banking and through our retail operation we offer a dedicated service structure to consumer clients throughout Brazil. We classify our retail clients as individuals with a monthly income up to R\$4,000. We offer exclusive services to our Itaú Uniclass clients for clients who earn more than R\$4,000 and below R\$10,000 per month, including investment advisory services, exclusive cashiers, special telephone service and higher credit limits and a large team of dedicated relationship managers.

We reached a **market share of 12.4%**, based on total outstanding loan balance positioning us as the **third largest** bank in this segment in Brazil.

Itaú Personnalité (banking for high-income individuals)

We provide customized services to individuals who earn more than R\$10,000 per month or have investments in excess of R\$100,000. Our focus is to promote financial advisory services by managers who understand the specific needs of our higher-income clients, a large portfolio of exclusive products and services and special benefits based on the type and length of relationship with the client, including discounts on various products and services.

Itaú Empresas (very small and small companies)

We offer customized solutions and provide detailed advice on all products and services to very small companies – a client with annual revenues up to R\$1.2 million –, and small companies – a client with annual revenues from R\$1.2 million to R\$30 million.

Our strategy is to capture market opportunities by meeting the needs of these companies and their owners, particularly with respect to the management of cash flow, credit facilities, investment needs and services.

Public sector

Our public sector business operates in all divisions of the public sector, including the federal, state and municipal governments (in the Executive, Legislative and Judicial branches). To service public sector clients, we use platforms that are separate from our retail banking branches, with teams of specially trained managers who offer customized solutions in tax collection, foreign exchange services, administration of public assets, payments to suppliers, payroll for civil and military servants and retirement.

Wholesale Bank

Wholesale Bank is the segment responsible for banking operations of large – annual revenues over R\$300 million – and middle-market companies – annual revenues from R\$30 million to R\$300 million – and investment banking activities. It offers a wide range of products and services to the largest economic groups of Brazil and of other countries in Latin America. One of the most important features of our Wholesale Bank is the set of initiatives linked to improving efficiency in our operations.

Investment Banking

Our investment banking business carried out through Itaú BBA, assists companies raising capital through fixed income and equity instruments in public and private capital markets, and provides advisory services in mergers and acquisitions.

Itaú BBA ranked **first** in mergers and acquisitions. From January to December 2015, we ranked **first** in origination and **second** in distribution in debt capital markets transactions. Itaú BBA's main competitors include Banco Santander, Banco de Investimentos Credit Suisse (Brasil) S.A., Banco Merrill Lynch de Investimentos S.A., Banco Morgan Stanley S.A., Banco JP Morgan S.A., Bradesco BBI and Banco BTG Pactual S.A.

Itaú Private Bank

With a full global wealth management platform, Our clients have access to a complete portfolio of products and services, ranging from investment management to wealth planning, credit and banking solutions in our offices located in Zurich, Miami, New York, Santiago, Asuncion and Nassau.

We are the market **leaders** in Brazil, with a market share above **26%** in terms of assets under management, positioning us as the **largest private bank** in Brazil and one of the most important of Latin America. The Private Bank industry in Brazil held assets totaling R\$702 billion. Our main competitors in the private banking funds are BTG Pactual, Credit Suisse Hedging Griffo and Banco Bradesco S.A.

Itaú Asset Management

Itaú Asset Management is responsible for managing clients' assets. It has positioned itself as the **largest private asset** manager in Brazil. We had a **market share of 16%** in terms of assets under management, positioning us as the second asset management in Brazil. The asset management industry in Brazil held assets totaling R\$2,983 billion in 2015, with competition concentrated among large and well-established retail banks. Our main competitors are Banco do Brasil S.A. and Banco Bradesco S.A.

Securities services

Itaú Securities Services business units provide local custody and fiduciary services, international custody services, and corporate solutions that act as transfer agent and stockholder servicer for Brazilian companies issuing equity, debentures, promissory and bank credit notes. We also work as guarantor in transactions for project finance, escrow accounts and loan and financing contracts.

Pension funds, insurance companies, asset managers, international institutional investors and equity and debt issuers are our primary clients in these businesses, representing approximately 3,000 clients in 22 countries that reached R\$2.3 trillion of assets under service.

We had a **market share of 26.6%** based on total assets under local custody and **13%** in terms of total assets under international custody, positioning us as the **second** and the **third largest** local custodian and international custodian. Total assets under custody in Brazil reached R\$4.4 trillion and our main competitors are Banco Bradesco SA Banco, Banco do Brasil SA, Banco Citibank SA and JP Morgan's Securities. We had a **leading position** as a provider of agent and registrar services to **62% of companies** listed on BM&FBovespa, and we were leader as transfer agent with 52% debentures offerings in the Brazilian market.

Itaú Corretora (Brokerage)

Itaú Corretora has been providing brokerage services in BM&FBovespa since 1965. We provide retail brokerage services in Brazil to over 97 thousand clients with positions in the equity and fixed income markets, accounting for approximately R\$29 billion in trading volume.

We ranked **first** Research House in Latin America, **third** in Retail Brokerage Services by trading volume and **sixth** in Cash Equities and Derivatives by trading volume and traded contracts, respectively.

Activities with the Market and Corporation

Manages interest income associated with our capital surplus, subordinated debt surplus and the net balance of tax credits and debits, this segment also includes our interest in Porto Seguro.

To learn more about
our business



Business strategy

Our Board of Directors is the body responsible for establishing the general guidelines of our business. Strategic decisions taken by our board of directors are supported by the Strategy Committee, which provides data and information about critical strategic matters. The Strategy Committee's activities and responsibilities range from evaluating investment opportunities and budget guidelines to issuing opinions and recommendations in order to support the decisions of the Board of Directors. The Economic Scenarios Sub-Committee supplies macroeconomic data to the Strategy Committee, supporting its discussions.

Expand our operations in Brazil and abroad

We continue to examine potential business operations which would create additional value to our stockholders, in Brazil and abroad. In line with our Latin America expansion strategy, and with a vision to create value and sustainable performance in 2015, the merger between Itau Chile and CorpBanca was approved on April 1st, 2016 by the respective stockholders' meetings as well as by the regulatory authorities in Chile, Brazil, Colombia and Panama.

In March 2015, we entered into an agreement with MasterCard Brasil Solucoes de Pagamento Ltda. to establish an alliance for a 20-year term, in the payment solutions market in Brazil. This alliance is subject to approval by regulatory authorities in Brazil.

In August 2014, reaffirming our commitment to the Chilean market and the vision of being the largest private bank in the Latin American market, in furtherance of the joint venture agreement entered into in 2011 with Munita, Cruzat & Claro S.A. Corredores de Bolsa, a brokerage house, we obtained 100% of the ownership interest in MCC Securities Inc.

In 2013, we carried out a series of transactions aimed at expanding our operations in Brazil. This year, we concluded the acquisition of 100% of the shares of Banco Citicard S.A. and Citifinancial Promotora de Negocios S.A., the "Credicard" Brand. In Latin America, we acquired Citibank Uruguay, including both retail banking and credit card operations. In addition, in order to consolidate and expand our operations, in 2013, we completed the transfer of the central administration and registered offices of our corporate banking unit in Europe.

Focus on non-interest income

We have continued to focus on the offer of new products and services which we believe add value to our customers and, at the same time, allow us to increase our fee-based income. In addition, we continue to focus on our insurance services by operating under the bancassurance model, with a focus on the sale of massive personal and property insurance services, largely provided through our retail banking. As part of this strategy, in October 2014 we announced the sale of our large risks operations to the ACE group

and the early termination of operating agreements between Via Varejo S.A. and our subsidiary Itaú Seguros S.A. for the offer of extended warranty insurance in "Ponto Frio" and "Casas Bahia" stores.

Continue to improve efficiency

In 2010, we established an Efficiency Program aimed at identifying, implementing, and monitoring costs and revenues, in addition to promoting a strong culture of operational efficiency. In the years thereafter, we focused on increasing cost savings by reducing unnecessary costs, promoting the simplification and centralization of processes and job descriptions. In February 2015, we created the Technology and Operations executive area with the aim of optimizing our structure in order to sustain growth. Throughout 2015, we increased the number of our digital branches in response to the profile of our customers.

Growth of our credit portfolio to maintain asset quality

We are constantly seeking to improve our models for risk management and our economic forecasts and scenario modeling. In the last three years, we focused on the improvement of our asset quality by increasing credit selectivity, by changing our loan portfolio mix, and prioritizing the offer of less risky products, such as real estate and payroll loans, reducing the origination of higher risk portfolios, such as vehicle loans.

Develop strong relationships with our clients

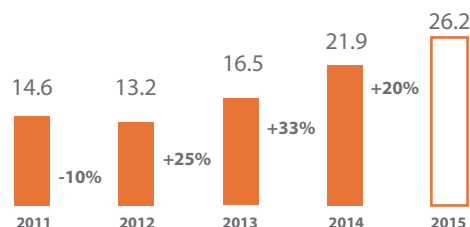
We will continue to work on our client segmentation strategy in order to identify our clients' needs and enhance our relationship. We aim to fulfill clients' financial needs through a wide product portfolio by cross-selling banking and insurance products and making sales through a variety of channels. We are focused on delivering "best-in-class" client service, in order to maintain and increase client satisfaction and increase portfolio profitability. In 2015 we merged our Commercial Bank – Retail segment with our Consumer Credit – Retail segment and created the Retail Banking segment. We also migrated our Private Banking, Asset Management and Latin America Activities to our Wholesale segment.

Challenges and results

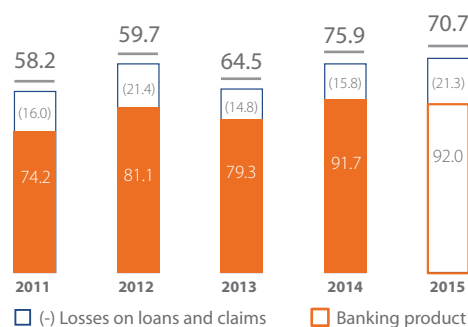


Financial

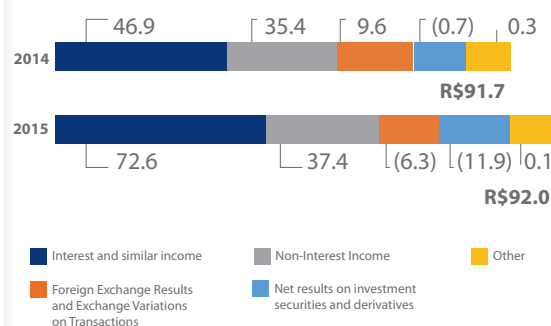
Net income | R\$ billion



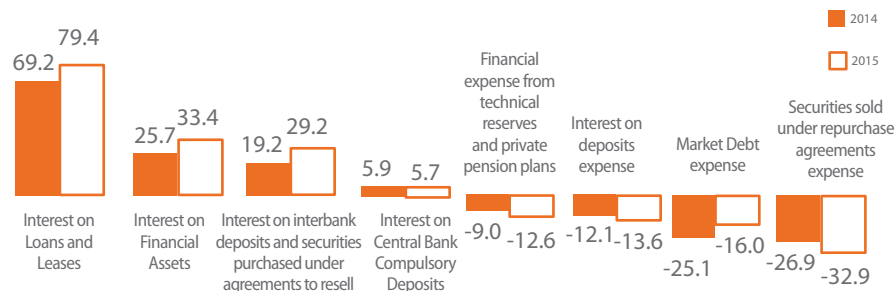
Net banking product | R\$ billion



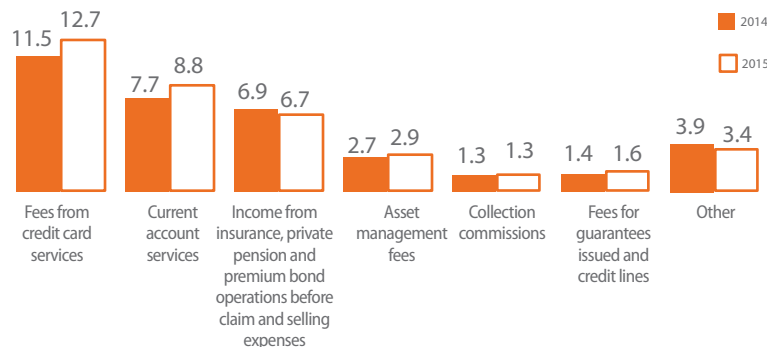
Banking product | R\$ billion



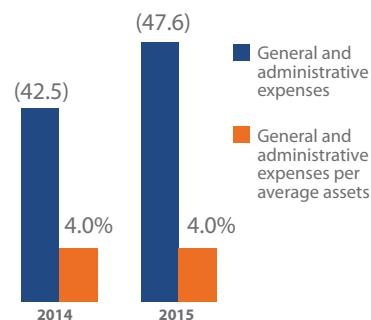
Interest and similar income | R\$ billion



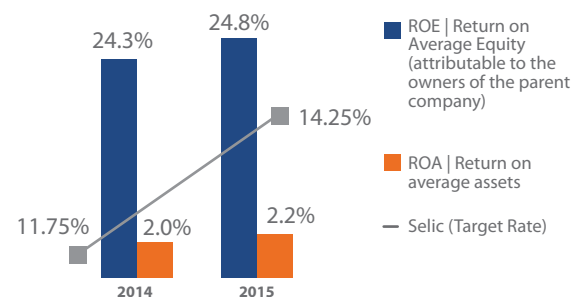
Non-interest Income | R\$ billion



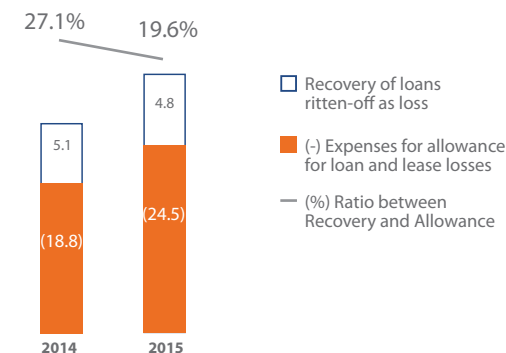
General and administrative expenses | R\$ billion



Return on equity and return on average asset

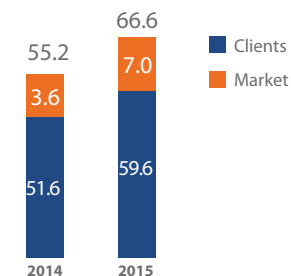


Losses and recovery of loans | R\$ billion

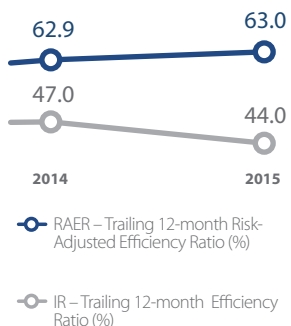


Interest margin | R\$ billion

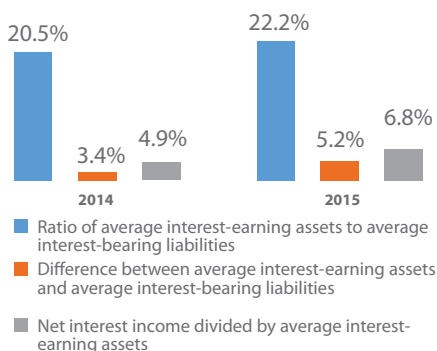
Our managerial financial margin is a result of transactions with clients, account holders or not, and with the market. The margin on customer derives basically from operations sensitive to changes in spreads, working capital and other, on the other hand, margin with the market derives from treasury operations and management of own portfolios.



Efficiency ratio | %



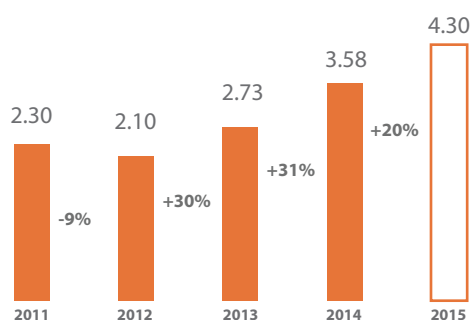
Net interest margin and spread | %



Challenges

	Forecast 2015	Actual	Forecast 2016
Total credit portfolio	Growth of 3.0% to 7.0%	Growth of 4.6% (including Foreign Exchange Rate Variation)	from -0.5% to 4.5%
Expenses for allowance for loan and lease losses net recovery of loan	Between R\$15 billion and R\$18 billion	R\$18.1 billion	Between R\$22 billion and R\$25 billion
Managerial financial margin	Growth of 14.5% to 17.5%	Growth of 20.7%	Witch clients 2.0% to 5.0%
Non-interest expenses	Growth of 7.0% to 10.0%	Growth of 8.8%	Growth of 5.0% to 7.5%
Commissions and fees and result from insurance operations	Growth of 9.5% to 11.5%	Growth of 9.9%	Growth of 6.0% to 9.0%

Earnings per share

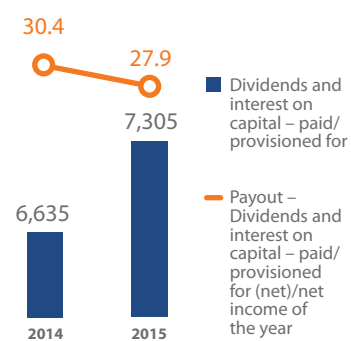


Our shares

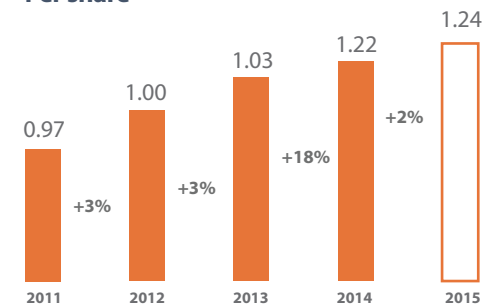
The graph below shows the price evolution of R\$100 invested in our preferred share (ITUB4) comparing to the performance of Ibovespa and CDI over the last 10 years.



Dividends and interest on capital | R\$ billion



Per share



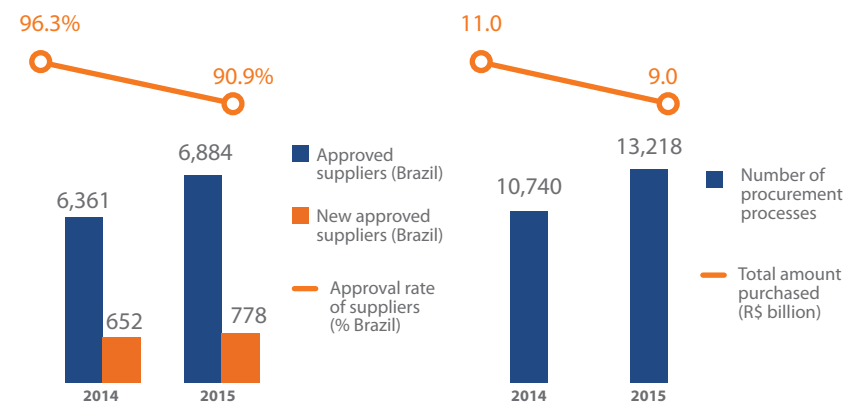
Social and relationship

Tax incentives received, by category (R\$ million)

	2013	2014	2015
Donations of funds for child and adolescent rights	17.2	22.0	22.4
Rouanet law for cultural support	84.1	107.2	87.0
Sports sponsorships	17.3	21.0	22.4
Audiovisual activities	0.0	4.0	0.8
Other(*)	26.9	57.8	65.3
Total	145.6	212.0	197.9

(*) Data refer to PRONAS (Programa Nacional de Apoio à Atenção da Saúde da Pessoa com Deficiência - National Program to Support the Health Care of People with Disabilities), PRONON (Programa Nacional de Apoio à Atenção Oncológica - National Program to Support Oncology Care) and Estatuto do Idoso (the Elderly Statute)

Supplier indicators



Itaú Viver Mais (Itaú Live Longer)

Free sessions on the last Tuesday of each month. It is a project developed especially for people older than 55, offering entertainment, learning and physical and cultural activities. We hope to reach 7,000 elderly people in 2016.

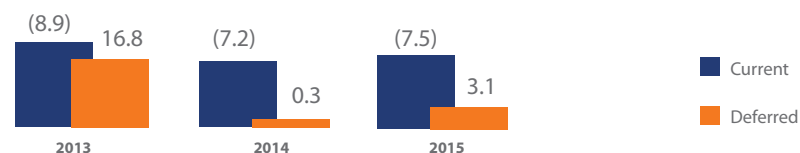
Clube do Professor (Teacher's Club)

Programming that focuses on diversity, including films of all nationalities, new movies, classics and commercial pictures. The intention is to broaden the cinematographic experience of teachers, emphasizing the simple enjoyment of watching a good movie in a specialized theater, without the commitment of making an educational project of the experience. Admission is free for teachers with a Clube do Professor card and one companion. Estimates for 2016 are to hold approximately 60 sessions over the course of the year, reaching 40,000 teachers.



Intellectual

Income tax and social contribution | R\$ Billion



Tax expenses | R\$ Billion



Media Exposure Quality Index (IQEM)

We monitor our exposure in the national and international press, which is analyzed both qualitatively and quantitatively.

We account for 36.8% of the financial sector's positive exposure in the national printing press.

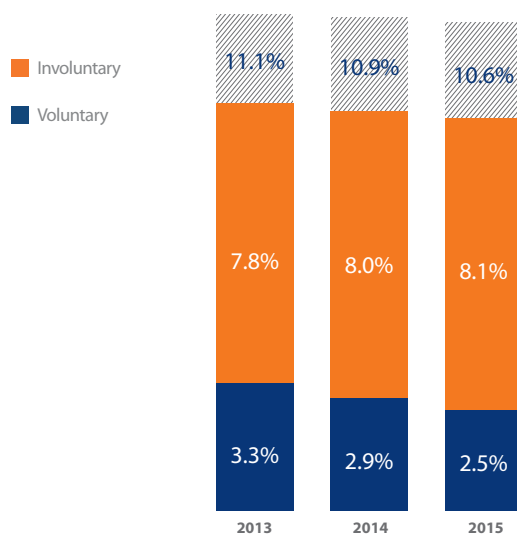
2015 was a special year for the Itaú brand. We reinforced our positioning as a digital bank by combining innovative technology with our vision of making people's daily lives easier through increasingly simpler financial transactions. We have started using emoticons in our communications to make the bank more relatable to people in their daily lives.



Human

Turnover total

It is the ratio of employees hired to employees terminated (either voluntarily or not) in a given period.



Employees programs

Goals planned for 2015	Completed/in progress/not addressed or goal revised	What are the results?
Strategic repositioning for attracting and selecting PWD professionals	In progress	Preparation of clear criteria for identifying candidates, enhancing the relationship with and disclosure in PWD (person with disabilities) university focus groups, participation in PWD debates and benchmark events, including the consideration of possibilities for adaptation and the necessities for allowing the employee to perform their activities.
Structure a method for monitoring development of apprentices during the Apprentice Program	Concluded	To ensure the improvement of apprentice performance, we have created an analysis method designed to monitor: <ul style="list-style-type: none"> Assiduity of the apprentices in the theoretical training and in the complementary development platform; Performance in practical activities and behavioral adherence in their day-to-day routine; Activities of the apprentice in relation to customer satisfaction at the branch level, contributing to the sustainable growth of the business.

Tax incentives received, by category (R\$ million)	2013	2014	2015
Employee food program	5.5	4.8	4.3
Extension of maternity leave	1.2	1.2	0.9
Total	6.7	6.0	5.2

Speak Frankly Surveys

	2013	2014	2015
Brazil and International Units			
% Participating employees	89%	89%	88%
% Satisfaction	76%	80%	82%

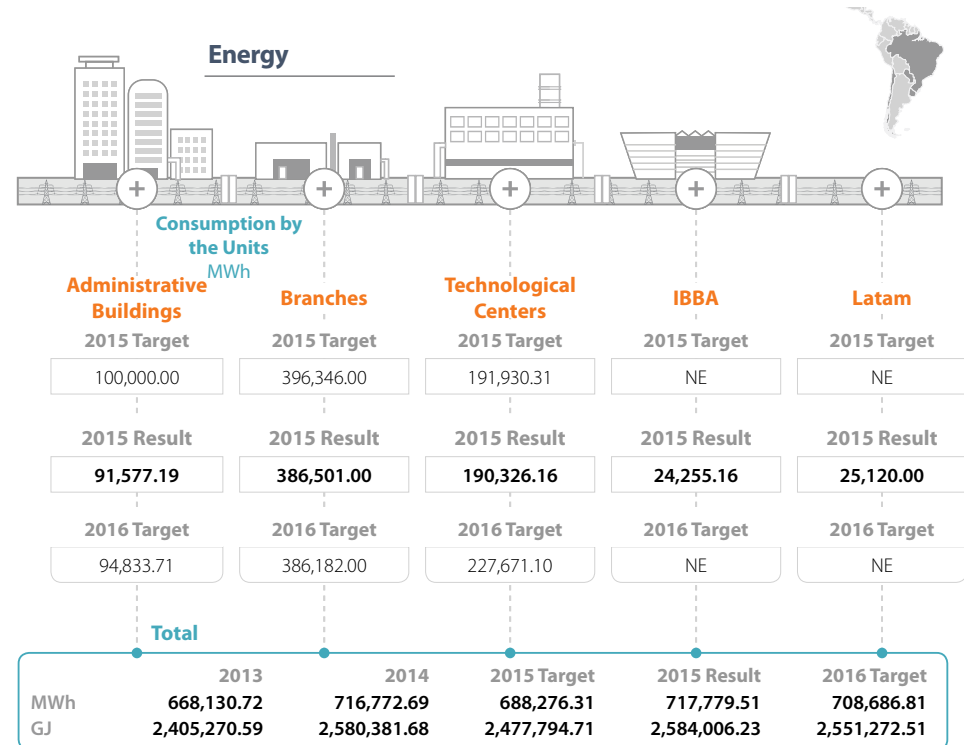
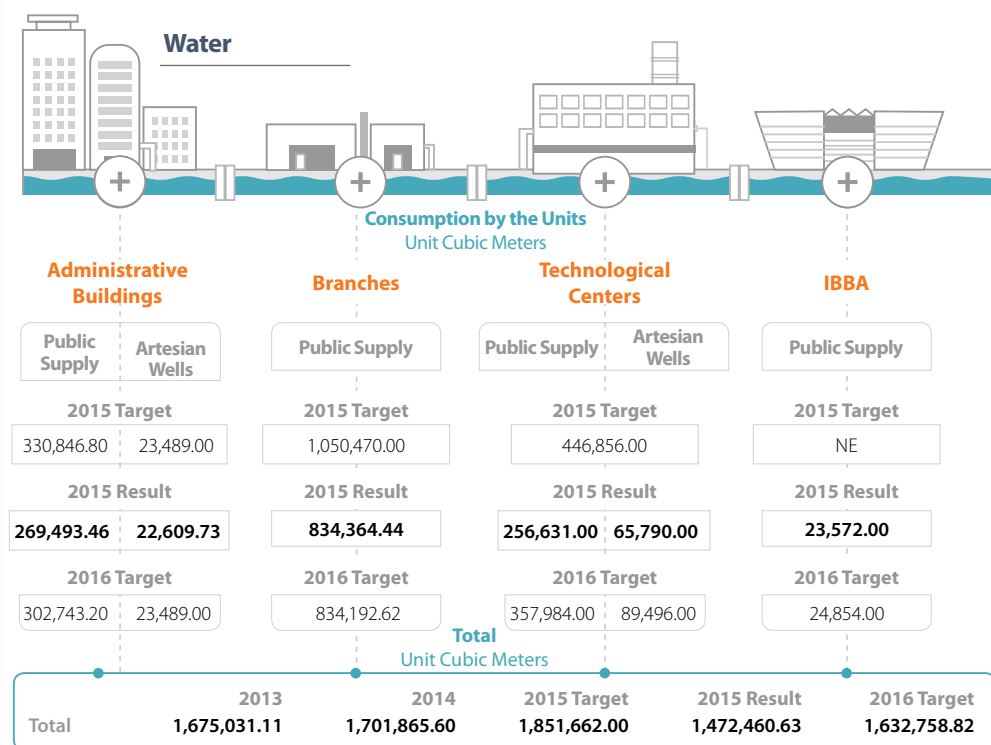
Goals planned for 2015 and main results in progress

Reformulate the themes of diversity in leadership training	In progress	Revised strategic plan for each training theme comprising our program in order to achieve efficiency in the instruction of managers on each topic involved in the inclusion and management of employees with disabilities.
Prepare managers and teams for receiving a new employee with a disability	In progress	Preparation of managers and teams in receiving persons with disabilities on three key fronts: 1) Strategic reformulation of the primer on leadership of diverse teams, resulting in a more assertive and efficient content in the communication of laws governing the inclusion of PWDs and critical instructions for leadership of teams including employees with disabilities, showing clearly the challenges and benefits. 2) A four-hour workshop offering managers who are to receive a new PWD employee: structure for handling PWD inclusion, thereby stimulating reflection and demystification of the issue. The end objective is to better equip the manager to evaluate the employee with disabilities in terms of their capabilities. These go beyond the need for adaptation to the working environment due to disability. Thanks to the management of a diverse team, the proposal is to show how to handle the benefits of having different experiences and life stories in their teams, benefits which are enhanced by coexistence with a PWD. 3) The institutional positioning of the Diversity area in relation to managers, teams and the People Consultancy as a focal point for clarifying doubts and managing conflict.
Induction program	In progress	Consolidation of a proposal for an induction program for PWD employees structured in the form of rotations through different areas and participation in a program of specialized training. The two together offer and guarantee the qualification of PWD employees so that they are able to take up functions in the bank with solid prospects for retention and career progression within the institution. In this way, the aim is also the demystification of the difficulties involved with the inclusion of PWD employees and their conditions for professional development.
Alignment with training services suppliers	In progress	To ensure the efficiency of PWD inclusion programs, which have as a core factor for success the mobilization of stakeholders, indispensable partners in the realization of projects in this area. Consequently, the aim is the practical implementation of the bank's institutional proposal for diversity.

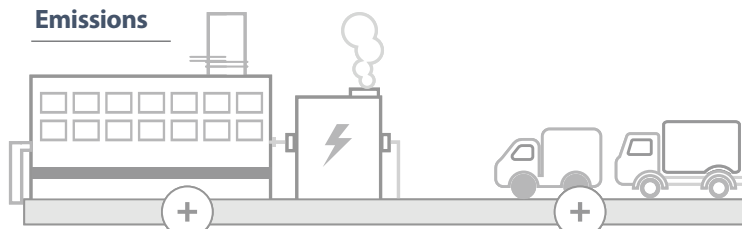


Manufactured

Natural



Emissions



Scope 1 (direct emissions)

2015

9,872.00

2016 Target

-

Greenhouse gas
emissions
tCO₂e

Scope 2 (indirect emissions)

2015

96,154.00

2016 Target

88,160.64

Total

	2012	2013	2014	2015	2016 Target
Total direct and indirect GHG emissions (based on default factors)	59,603.10	85,022.13	107,751.60	106,026.00	-



Scope 3 (other indirect emissions)

2015

121,521.00

2016 Target

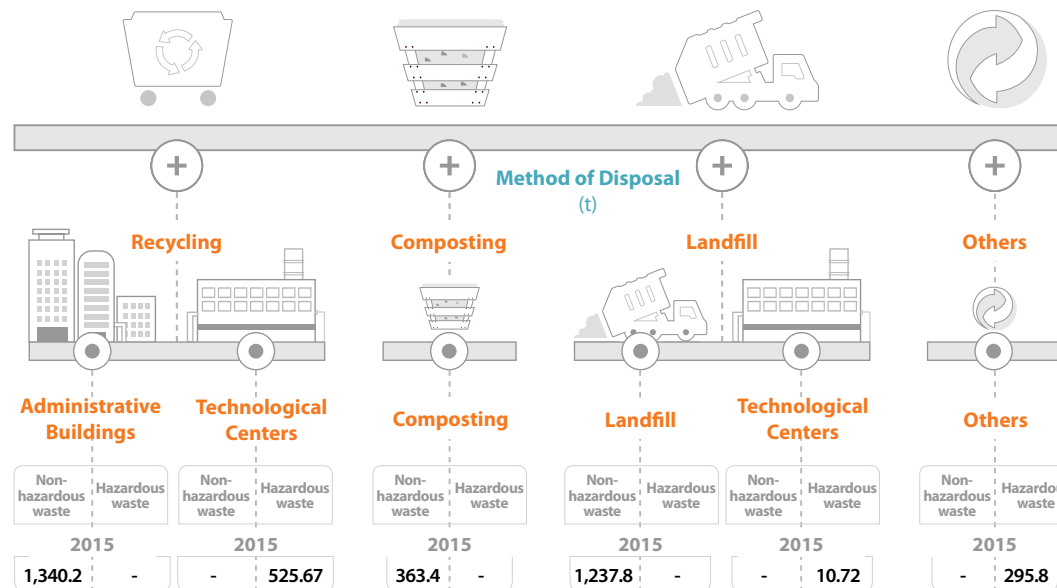
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	2012	2013	2014	2015	2016 Target
Total	240,326.70	284,052.08	250,668.60	227,547.00	-

Waste

Consumption and analysis

We defined as our target for 2015 to reduce our waste disposed in landfills by 0.5% compared with the result of 2014. However, we achieved a reduction of 16.54% compared with the previous year.



Paper

GIM (correspondence to customers)

Large Size Coils	Envelopes	Flat Forms	A4 Paper
------------------	-----------	------------	----------

2015

1,568.48 364.37 93.64 109.77

+

Checks

Checkbooks

Weight of the material used per ton

2015

529.32

+

Itaú + Rede + IBBA + Branches Printing

A4 Paper A3 Paper

2015

2,356.32 1.62

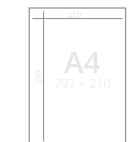
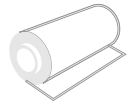
+

Tangibles (invoices notifications)

A4 Paper

2015

1,977.55



Grand Total

2013
6,171.31

2014
5,322.08

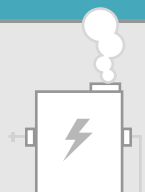
2015
7,001.07

Target

- Reduce by 34% our energy consumption by R\$MM of banking product between 2012 and 2020
- Achieve, in 2020, a PUE (Power Usage Effectiveness) of 1.60, 19% lower than in 2015
- Acquire, by 2020, 96% of the energy for administrative buildings from renewable sources, 55% more than in 2012



- Reduce by 28% our water consumption by R\$MM of banking product between 2012 and 2020



- Reduce by 34% our scope 2 emissions by R\$MM of banking product between 2012 and 2020



- Reduce by 32% administrative units waste sent to landfills, between 2012 and 2020



- Reduce by 32% our business travel indicator, which shows the km traveled per banking product between 2012 and 2020

You can also access to our GRI Content Index



Strategy and analysis

Organizational profile

Identified material aspects and boundaries

Stakeholder engagement

Report profile

Governance

Category economic

Material aspect: economic performance – procurement practices

Category environmental

Material aspect: materials – energy – water – emissions – effluents and waste – transport – overall – supplier environmental assessment

Category: social

Material aspect: employment – occupational health and safety – training and education – diversity and equal opportunity – equal remuneration for women and men – supplier assessment for labor practices – labor practices grievance mechanisms – local communities – anti-corruption – public policy – anti-competitive behavior – supplier assessment for impacts on society – product and service labeling – marketing communications – customer privacy – product portfolio – audit – active ownership

Awards and Recognition

Época Negócios 360º – organized by Época Negócios Magazine, in this award we were elected company of the year and also granted the top award in the Banking sector category. The evaluation focuses on financial performance, corporate governance, human resources practices, innovation, vision of future and social, environmental and responsibility dimensions.

Euromoney Cash Management Survey 2015 – we were awarded by Euromoney magazine as the winner of the “Best cash manager in Brazil” award.

Global 2000 – the ranking convenes the 2,000 most valuable companies in the world, according to the Forbes magazine, listed us as the largest company in Brazil and the 42nd largest in the world. This survey assesses revenue, profit, assets and market value.

Melhores e Maiores da Exame – we were ranked first among the 200 largest corporate groups in Brazil. This survey of Exame Magazine also ranks us as the largest bank in terms of equity in Brazil and Latin America.

Valor 1000 – elaborated by Valor Econômico Newspaper, we assumed the leadership in the following rankings of the Yearly Edition: “20 largest companies in net equity”, “20 largest companies in net income” and “20 companies with the best operating income without equity in earnings”.

BeyondBanking Awards – our 2013 Integrated Report was one of the winners of the Awards, organized by the Inter-American Investment Bank (IDB). We were acknowledged in the “clearBanking” category, which envisages successful practices adopted by Latin American and Caribbean financial institutions in the risk management, transparency and corporate governance areas.

IR Magazine Awards Brazil 2015 – Promoted by IR Magazine and the Brazilian Institute of Investor Relations (IBRI), the awards select the Brazilian companies with the best practices in Investor Relations. We have been acknowledged in three categories.

Company Reporting IFRS Annual Report Benchmarking – for the third consecutive year, we received the top ranking, our report was highlighted by our financial information is consistently presented in line with regulatory requirements, and considered the quality of our financial information superior to that of our domestic and international peers.

Caboré 2015 – we were awarded the Cabore Award for Advertiser of the year for the fifth time. The award is regarded as the most important award in the Brazilian advertising segment, acknowledging the professionals and companies who contributed to the development of the communications sector in Brazil.

Latin America Executive Team Rankings 2015 – organized by Institutional Investor magazine, this awards elects the main players of the Latin America market. We were acknowledged in 9 out of 11 categories.

Latin American 9th in Best Practices Awards – Frost & Sullivan, an international market intelligence consulting company, elected us as the winners in the “Brazilian Competitive Strategy Innovation and Leadership Award The Future of Mobility” category, this award acknowledges the most outstanding companies in the Latin American market for their performance and excellence in areas such as leadership, technology innovation, client service and products development.

Marca Mais (More Brands – O Estado de S. Paulo Newspaper and Troiano Branding) – We were ranked 1st among banks. The prize is a new study of the Estado de São Paulo newspaper in partnership with Troiano Branding, which conducts an in-depth assessment of consumers’ engagement with brands.

O Cubo (The Cube) – In September 2015 was inaugurated The Cubo, technological entrepreneurship center created by Itaú in partnership with Redpoint e-Ventures. The mission of the Cubo is to support startups and promote connections that facilitate the emergence of innovations. The Cubo was Spark Awards 2015 winner for Best Coworking Brazil, which honors the most influential agents of Brazilian entrepreneurship.

As empresas mais admiradas do Brasil (most admired companies of Brazil) – We ranked first in the “Retail Bank” segment in the Carta Capital Magazine. In the overall ranking (irrespective of industry sectors) we ranked fifth.

Prêmio Aberje 2015 – we won a number of prizes, “90 years of Itaú Unibanco” in the “Historical responsibility and corporate heritage” category, “Urban mobility in Itaú: a cause beyond our little orange bikes” in the “Communication and relationship with government organizations” category and the case named “The comics of memories – the history of 90 years of Itaú Unibanco told in comics”.

CONAREC (CONAREC Award – National Congress of Company-Client Relationships) – We were the winners in the Banks category of the CONAREC (National Congress of Company Client Relationship) award, which acknowledges the best customer service operation centers, technology vendors and sector’s professionals.

Índice Brasileiro de Satisfação do Cliente (ACSI – American Customer Satisfaction Index) – The Communications and Arts Faculty of the University of São Paulo (USP) disclosed the outcome of the 2014 Brazilian Consumer Satisfaction Index (BCSI) survey. In the consumers’ opinion, we were the most reputable bank Among retail banks.

Brill Awards for Efficient IT (Uptime Institute) – Our Transforming Data Center – Virtualization project was elected as the winner in the “IT Efficiency – Latin America” category in the second edition of the Brill Awards for Efficient IT.

Datacenter Dynamics Awards – We won the “Best Transformation Project in Data Center” award with “Itaú Unibanco: Transforming a data center into a power density environment”. The Datacenter Dynamics Awards recognizes innovation, leadership and original thinking in the Brazilian data center industry.

Materiality

We consider a material theme any matter that has the capacity to affect our shared value creation in the short, medium or long term, from the standpoint of the organization and its main stakeholders.

Determining material themes is crucial to guide decision-making, since it provides a broader vision of the risks and opportunities inherent to the business and connects the strategies to the multiple outside interests.

In 2014, we conducted a comprehensive process of defining material themes, which comprised environmental, social, economic and governance aspects. This study was developed by a diversified working group comprised of the areas of Corporate Communication, Finance, Investor Relations and Sustainability.

The methodology used to determine our material themes consists of four distinct stages:

(1) Identification



(3) Validation



(2) Prioritization



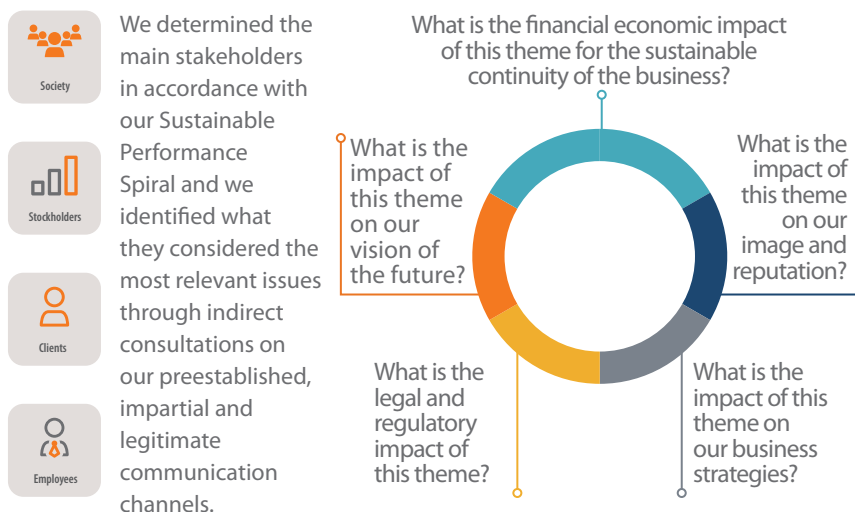
(4) Evaluation



1. Identification

In the first stage, the main goal was to identify the key issues in our communication channels and the most suitable stakeholders to start the process of determining materiality. The methodology consisted of two stages: (I) identify the most relevant issues in our main communication channels; and (II) identify the most suitable stakeholders for this consultation.

We selected approximately 500 relevant issues for us from our main communication channels and our reporting, listed below:



2. Prioritization

In the next stage, the issues were consolidated into more comprehensive themes, applying a preliminary analysis of materiality for management and stakeholders. The consolidated themes were then plotted in a prioritization matrix divided into two sections: (I) evaluation of the influence of the themes for the stakeholders and (II) analysis of the materiality for management.

At this stage of the process, we defined the questions or “drivers” that were used to assess each theme, all of which had the same weight in the assessment, in accordance with the bank’s management approach. In the stakeholder section, we analysed the interest and the power of influence of each stakeholder in the theme. We assigned the same weight in the assessment to each of the four stakeholders.

3. Validation

Once this had been done (3), the prioritized themes were debated and validated internally by the Reporting Committee, a sustainability governance forum dedicated to implementing the best practices of reporting and transparency. Afterwards, the materiality study was submitted to the Audit Committee, the Disclosure Committee and the Sustainability Committee. The process of defining materiality was externally assured by PwC based on the guidelines of the AA1000 standard.

4. Evaluation

Over the course of 2015, this working group performed an assessment of the matrix (4), refining the names of the themes and the issues related to each one of them. It was a thorough work of terminology, which was also approved by the Reporting Committee. This stage identified the need to integrate the theme “Environmental and Social Risk” with the theme “Risk and Capital Management”, reflecting more properly the management of the bank on these themes and observing the guidelines of Central Bank Standard: CVM Resolution No. 4,327. We also performed an assessment of the impacts of each material theme on the organization and on our stakeholders. The assessment was performed for each of the indicators comprising the material theme and afterwards an analysis was conducted to prioritize the most relevant impacts on our business and on our stakeholders. The result of this exercise is presented in the material issues description table. Our commitment is to recreate the full methodology for constructing the matrix of material themes every 2 years, as we consider this the right time frame for our internal management guidelines. The following are the 22 material issues resulting from this process. The material themes reference other themes in this report or other reports of Itaú Unibanco, through links that directs the reader to the desired content.

Material themes



Material themes



Credit and default

Credit is a financial transaction in which banks lend funds or finance operations or acquisitions of goods to its customers. For us, it is to use the money intelligently. Support social and economic development. We believe that credit, combined with financial education, promotes the wise use of money, minimizes losses and improves the quality of credit.

Our facility covers operations with credit cards, personal loans, payroll loans, auto loans, mortgage loans, micro and small businesses, medium and large companies, micro-credit, corporate credit, financial leasing and trade agreements.

More on this topic

- Interest and similar income
- Total losses on loans and claims
- Allowance and default
- Macroeconomic context
- Risk and Capital Management Committee
- Credit Risk Factors
- Market risk factors
- Conscious Use of Money

Most affected stakeholders



Capital most exposed to the theme



Material themes



Efficiency

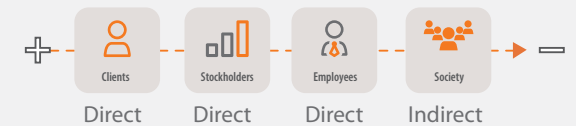
Efficiency is the relationship between the results and the resources employed. It is to reduce costs, increase revenue, streamline processes and have more quality services to our customers. We believe that less is more, and having the owner's attitude contributes to the sustainability of business.

Low efficiency ratios indicate a better performance, since this ratio measures the proportion of expenses over revenues. The risk-adjusted efficiency ratio includes the risk portions associated with banking transactions (result of the allowance for loan and lease losses and recovery of loans written off as losses) and insurance and private pension operations (claims).

More on this topic

- Non-Interest Expenses
- Banking Product
- Total losses on loans and claims
- Tax Expenses
- Continue to improve efficiency

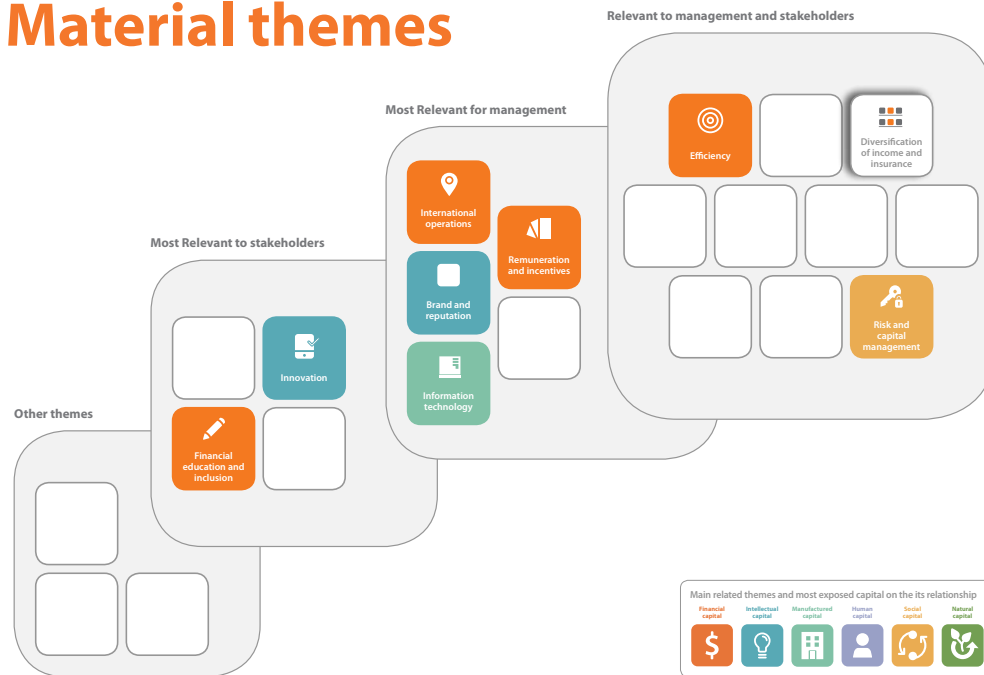
Most affected stakeholders



Capital most exposed to the theme



Material themes



Diversification of income and insurance

For us diversification of income is to ensure the continuity of business through Non-interest revenue. It is to make our outcomes less dependent of rate changes and more aligned to our customers' needs.

We constantly seek to implement and focus on offering new products and services that add value to our customers and diversify our sources of income, enabling the growth of our non-interest income, primarily from service and security (insurance operations, pension and capitalization).

More on this topic

- Banking service fees
- Insurance, private pension and capitalization operations
- Underwriting Risk Factor

Most affected stakeholders



Capital most exposed to the theme



Material themes



Ethics and transparency

Our business is based on ethical principles, which reflects the transparency, respect and honesty present in our relationship with stakeholders, the quality of our products and services, as well as our concern with E&S responsibility and financial performance. It is also expressed in internal relationships, through which we cultivate environments that are conducive to quality and relevant to those doing the work, to the organization and to society.

That is why our Code of Ethics exists to provide guidance, and to prevent or resolve ethical dilemmas or conflicts of interest related to our businesses and internal relations.

Principles of our Code of Ethics



Principle of Identity
What distinguishes us from other companies.



Principle of good faith
Trust generating trust. We act in good faith and take responsibility for our actions and choices.



Principle of Interdependence
We interact with our stakeholders and society to share with them values and actions that promote the common good.



Principle of excellence
Continuous pursuit of higher quality. Continuously improve the quality of our work, cultivate motivating environments, and stimulate cooperation.

More on this topic

- Code of Ethics
- Ethics are non-negotiable
- Ombudsman
- Human rights
- Supplier Assessment
- Unfair Competition
- Independent auditor's responsibility
- Labor Litigation

Most affected stakeholders



Capital most exposed to the theme



Material themes



Governance

The adoption of good corporate governance practices adds value to a company, facilitates its access to capital and contributes to its longevity. Therefore, we have adopted corporate governance practices aligned with best practices adopted in the Brazilian and foreign markets. We seek constant development of our management policies and mechanisms so as to ensure excellence in our practices and sustainable growth for our company.

In line with such principles, we voluntarily comply with the Code of Self-Regulation and Good Practices for Publicly Held Companies of the Brazilian Association of Publicly Held Companies (*Associação Brasileira de Companhias Abertas*, or ABRASCA), which was based on the best corporate governance practices in effect in Brazil and abroad. Our governance practices have been recognized and as a result, we have been named to the DJSI and ISE.

Corporate Governance Policy

Our governance policies consolidates the corporate governance principles and practices that we adopt. For us, governance involves the management and monitoring of relationships between the organization, the Board of Directors and the Committees related to it, shareholders and the market. The fundamental principle of this policy is the pursuit of excellence in Corporate Governance with a view to strengthening and creating the best conditions for our development.

More on this topic

- Our practices
- Management structure
- Sustainability management and governance
- Nomination and Corporate Governance Committee
- Governance bodies

Most affected stakeholders



Capital most exposed to the theme



Material themes



Information security

Information is the support of the entire banking. We are committed in protecting corporate information and ensuring customers' privacy for transactions. The purpose of our Corporate Information Security Policy is to ensure that data security and intellectual property principles and guidelines are applied to protect the organization, customers and the public in general.

To ensure that the information manipulated is adequately protected, we adopt the following processes: assets' management, data classification and access control; risk management for vulnerabilities analysis, threats and impacts on information assets; treatment of incidents involving data security; awareness program; independent evaluation of auditing and governance specifically for critical areas.

More on this topic

- Information security policy
- Cyber Security
- Operational Risk Factor
- Financial Reporting Risks
- Customer Privacy
- Supplier Assessment
- Internet and E-Commerce Regulation
- Fraud and corruption Prevention

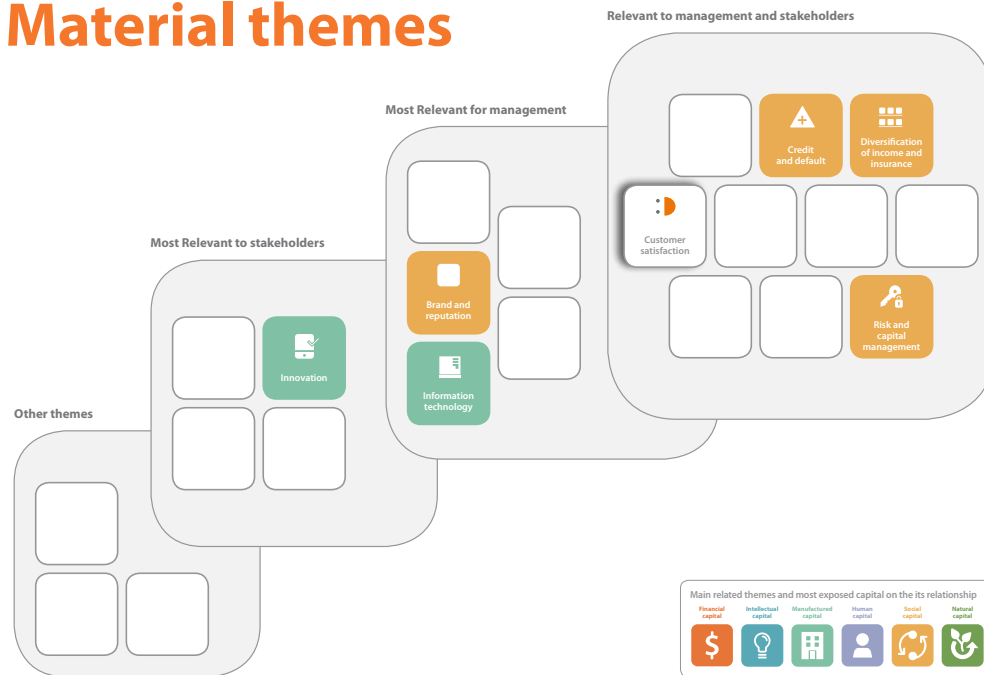
Most affected stakeholders



Capital most exposed to the theme



Material themes



Customer satisfaction

Our goal is to be the leading bank in sustainable performance and customer satisfaction. And for us, customer satisfaction and financial results are two inseparable goals. Run the expected banking services and meet the expectations of our customers are challenges that drive our teams.

In addition, through a survey conducted annually, with a representative sample of the portfolio of each segment, we measure customer satisfaction in each business area and also compare our results with those of competitors. From this research, we have consolidated the results in a general index of customer satisfaction, which enables us to ascertain the perception of the customer aspects positive and those with improved opportunities.

More on this topic

- Vision
- Sustainable performance
- Speak Frankly Survey
- Complaint management
- Develop strong relationships with our clients
- Supplier Assessment
- consumidor.gov

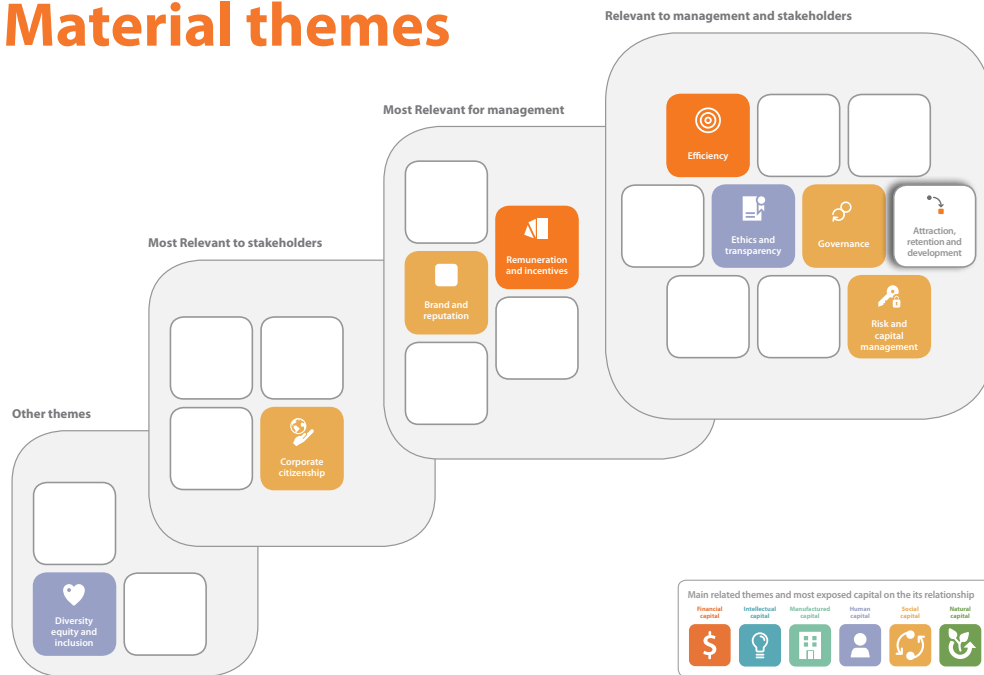
Most affected stakeholders



Capital most exposed to the theme



Material themes



Attraction, retention and development

We are made for people and to ensure the sustainability of our business, we need leaders ready for future challenges.

Attracting, training and talent development is becoming one of our main achievements. We can mention, for example, the significant increase in hiring interns of the best universities in Brazil, the training offered to employees who take on the challenge of managing teams and the Executive Education Program, for leaders in more advanced stage in their careers.

More on this topic

- Our Way
- Employees profile
- Turnover Rate
- Financial education for employees
- Meritocracy
- Training and development
- Itaú Unibanco Business School
- Compensation and Benefits
- Leadership Training

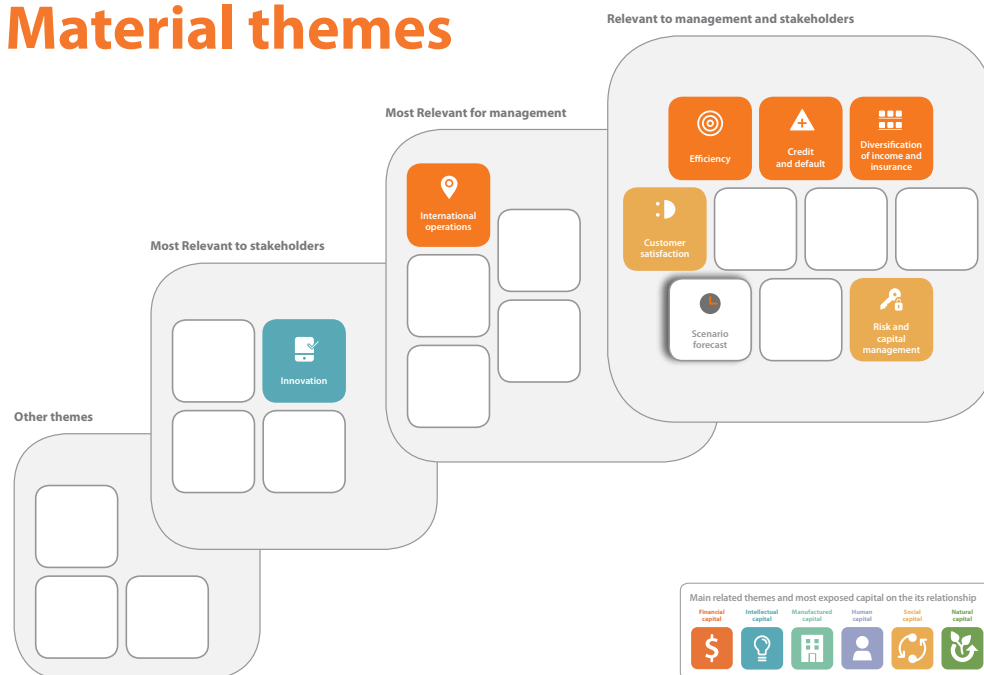
Most affected stakeholders



Capital most exposed to the theme



Material themes



Scenario forecast

Our purpose is to contribute decisively to the success of our customers and, through the development of its business, to obtain sustainable leadership, playing a significant role in the growth of the countries in which we operate and all the people who benefit from the projects supported by us, directly or indirectly.

In a world in which the conditions and the risks have been uncommon, especially after the global financial crisis of 2008, the ability to predict and anticipate scenarios becomes essential to achieve our purposes.

Our specialized team of Banco Itaú BBA – composed of economists and market experts – provides monthly publications Analysis and Economic Projections aimed at helping making the business decision and our customers.

Itaú Economic Analysis

We provide a new app that allows monitoring, in real time, macroeconomic publications Itaú Unibanco. In this app, it is possible stay on top of economic series and projections for Brazil, Latin America and the World, and customize and share the graphs of economic series.



More on this topic

- Itaú Economic Analysis
- Sensitivity Analyses
- Liquidity Risk
- Basel Framework

Most affected stakeholders



Capital most exposed to the theme



Material themes



Risk and capital management

We believe risk management is an essential tool to optimize the use of resources and selecting the best business opportunities to maximize value creation for shareholders. Our risk management is the process in which:

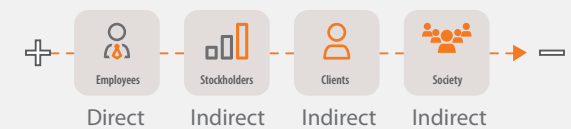
1. Identify and measure existing and potential risks in our operations.
2. Regulatory institutional approve procedures and methodologies of management and risk control, consistent with the Board of Directors of the guidelines and our strategies.
3. We manage our portfolio in search of the best risk-return ratio.

The risk identification process purpose is to map internal and external risk threats that may affect the business' and support units' strategies, keeping them from achieving their goals, potentially impacting our earnings, capital, liquidity and reputation.

More on this topic

- Macroeconomic Risks
- Legal and Regulatory Risks
- Risks Associated With Our Business
- Risk and capital management
- Risk-Mitigating Instruments
- VaR

Most affected stakeholders



Capital most exposed to the theme



Material themes



Brand and reputation

Our brand aims to promote positive changes in the lives of people and in society. We believe that our brand, including the associated brands are very strong and highly recognized in Brazil. They are associated with quality and reliability, and help us maintain a low customer turnover.

Our responsibility for the development of the nation is at the very heart of our brand, which is why, in addition to the transformation that is inherent to our core business; we also invest in projects related to education, culture, sports and urban mobility.

In 2015, we reinforced our positioning as a digital bank by combining innovative technology with our vision of making people's daily lives easier through increasingly simpler financial transactions.

More on this topic

- Awards and recognition
- Competitive strengths
- Itaú BBA
- Itaú CorpBanca
- Rede
- Crecicard
- Recovery
- Itaú Uniclass
- Itaú Personnalité
- Reputational risk
- Image risk

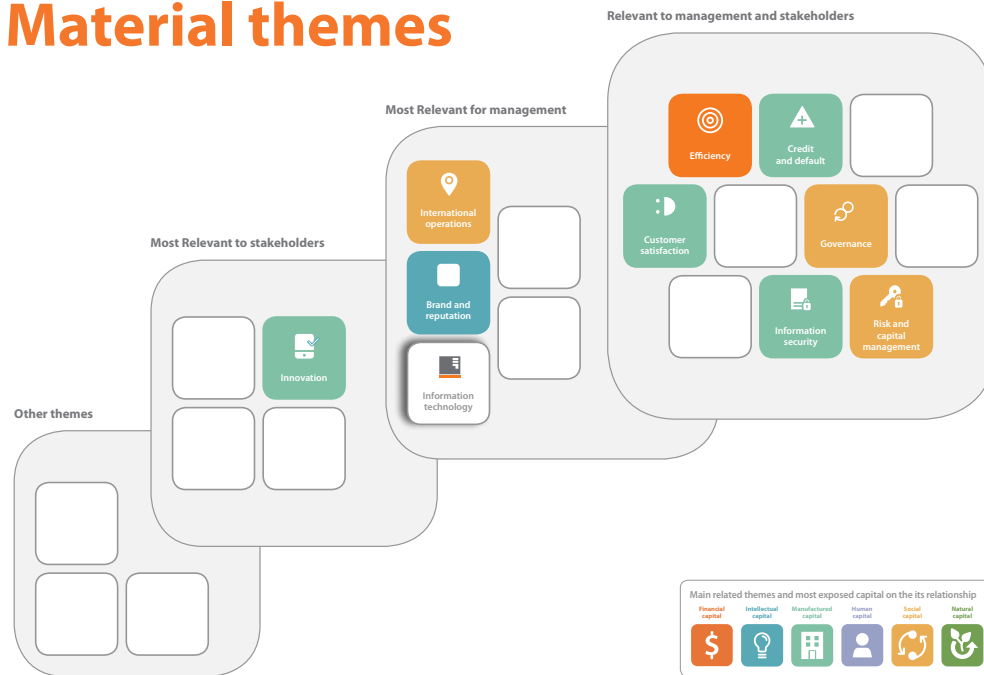
Most affected stakeholders



Capital most exposed to the theme



Material themes



Information technology

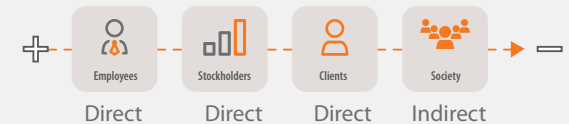
In line with our strategy to increase efficiency in our business, we invest in innovations that offer greater convenience and mobility to our customers. Our IT investments accounted for more than 78% of the total investments for the period 2012-2015, intended mainly for data processing systems, purchasing software, systems development and our new Data Center.

Over the past few years, we have advanced the process of migrating our systems and services for the new Data Center, whose completion is scheduled for the second half of 2016. With this, our processing capacity for data allocation will be multiplied by 25 times. In addition, we are also holders of several patents and patent applications in Brazil and abroad, for several technological innovations such as the new method of virtual keyboard generation to security password or typing PIN (personal identification number) users.

More on this topic

- Data Center
- Operational risk
- Technology and electronic distribution channels as drivers for sales
- Digital channels
- Standard channels

Most affected stakeholders



Capital most exposed to the theme



Material themes



Fight against corruption and illegal activities

Our Bribery Prevention Corporate Policy reinforces our commitment to cooperate proactively with national and international initiatives for preventing and combating all forms of corruption. It also sets guidelines for the conception, execution and continuous improvement of our corporate programs, as training and development, reporting channels and awareness campaigns.

In January 2014, a new Brazilian anti-corruption law came into force which establishes that legal entities will have strict liability (regardless of fault or willful misconduct) if they are involved in any form of bribery. Although known as an anti-corruption law, it also encompasses other injurious acts contrary to the Brazilian or foreign public administration including bid rigging and obstruction of justice. The law provides for heavy penalties, both through administrative and judicial proceedings including determination of dissolution of a company, prohibition to undertake financing with public entities and prohibition to participate in public biddings.

More on this topic

- Money Laundering Prevention
- Fraud prevention
- Anti-Corruption Law
- Fight against corruption
- Ongoing high profile anti-corruption investigations in Brazil
- List of restricted and prohibited activities

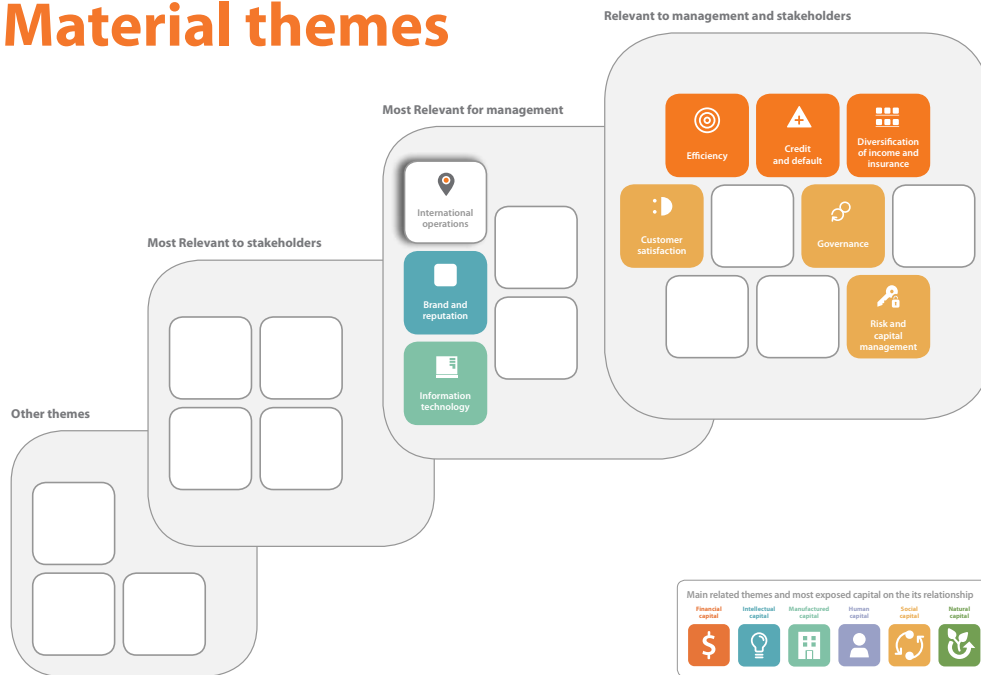
Most affected stakeholders



Capital most exposed to the theme



Material themes



International operations

We have a wide range of operations abroad and build our international presence based on units strategically located in the Americas, Europe and Asia.

Latin America is our priority in international expansion due to geographical proximity and cultural life of their countries with Brazil. Our goal is to be recognized as the "bank of Latin America", a reference in the region, for all financial services to individuals and legal entities.

More on this topic



- Expand our operations
- Banco Itaú Argentina
- Itaú CorpBanca
- Banco Itaú Chile
- Banco Itaú Paraguay
- Banco Itaú Uruguay
- Itaú BBA International
- Other international operations
- International Advisory Board

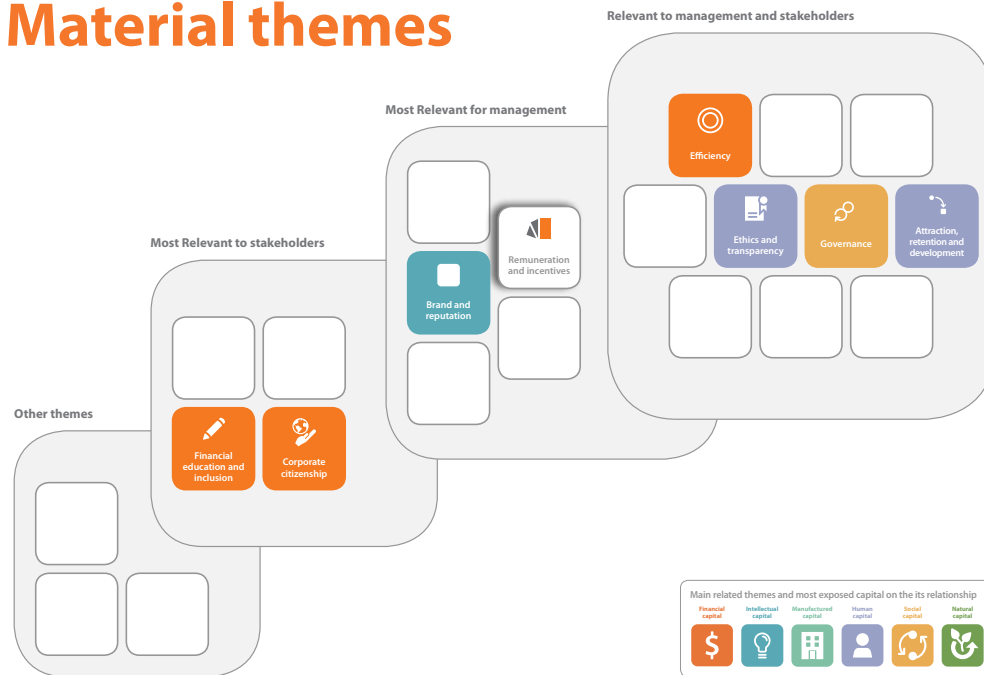
Most affected stakeholders



Capital most exposed to the theme



Material themes



Remuneration and incentives

The purpose of fixed compensation is to recognize a professional's competence and seniority. Employees may have their fixed compensation altered in accordance with our promotion and merit policy, which takes into account an individual's consistent performance and exercise of their responsibilities. Variable compensation recognizes individual performance levels, the bank's earnings, and its short, medium and long-term sustainability. Our policy for fixed and variable compensation is in line with market practices and our compensation strategies depend on the unit in which each employee works.

We also provide benefits in the signed agreements and conventions, benefits package with rates and different discounts and long-term incentive programs, in which our employees and administrators can receive radio partners.

More on this topic

- Compensation Committee
- Directors' and Senior Management's Compensation
- Meritocracy
- Performance Management Program
- Personal investment
- Benefits

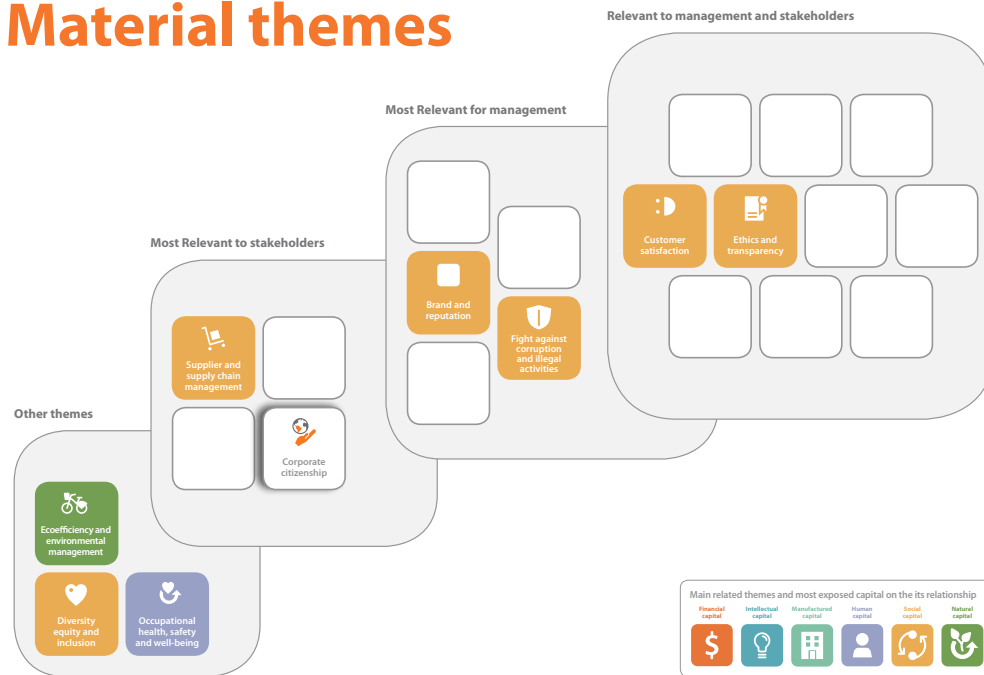
Most affected stakeholders



Capital most exposed to the theme



Material themes



Corporate citizenship

Investments in the social area – particularly those focused on the improvement of education, health, culture, sports and urban mobility – are aligned with the institution's purpose of transforming people's worlds for the better.

Our goal is to use the same quality and efficiency that we apply in our business to develop projects, technologies, and tools that encourage people to get more knowledge and critical sense, so we can make better choices. We invested in several projects related to our causes, either through incentive laws (Rouanet Law and the Sports Incentive Law) or by donations and sponsorships.

More on this topic

- Our causes
- Government tax incentives
- Political campaigns and donations
- Itaú Social Foundation
- Unibanco Institute
- Itaú Cultural Institute
- Espaço Itaú de Cinema
- Other cultural events and sponsorships
- Urban Mobility

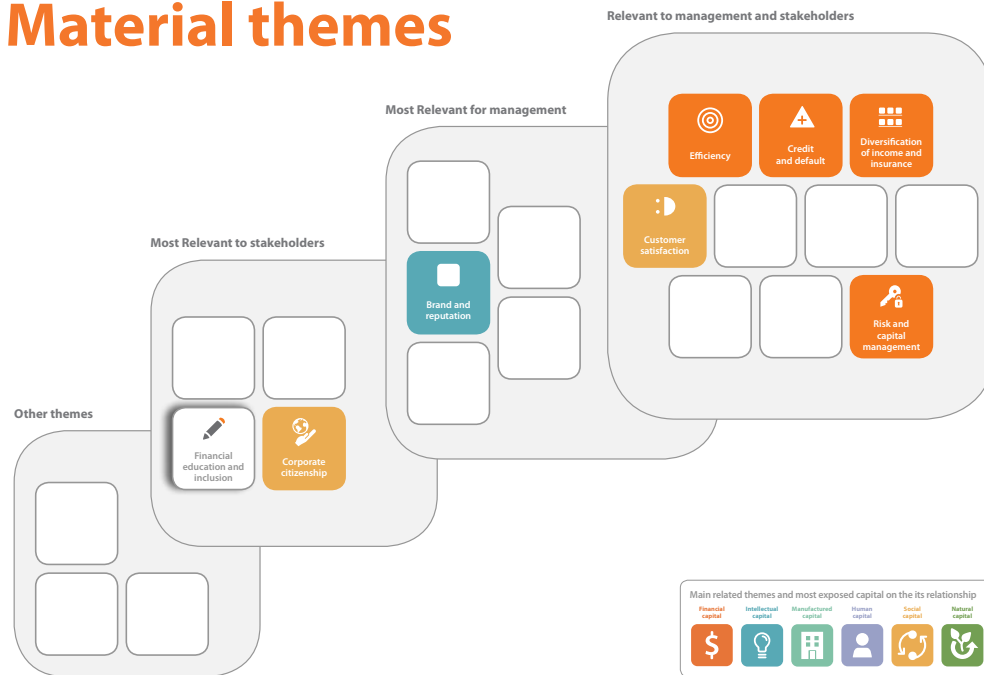
Most affected stakeholders



Capital most exposed to the theme



Material themes



Financial education and inclusion

A way of contributing to the development of society is to understand people's needs in order to offer knowledge and suitable financial solutions that enable people to have a better relationship with their money.

We know that the most important changes come from individual behavior. However, we believe that it is our role to guide our employees, customers and society, enabling them to make financial decisions that are more aligned with their needs and life stages. We have many financial education programs for employees. In 2015, our efforts have turned to lectures, training and financial assistance, which together resulted in increased intentions to save or invest resources and reducing debt.

More on this topic

- Financial education
- Conscious Use of Money
- Financial education integrated with preventive action
- Knowledge generation
- Private social investment
- Microcredit

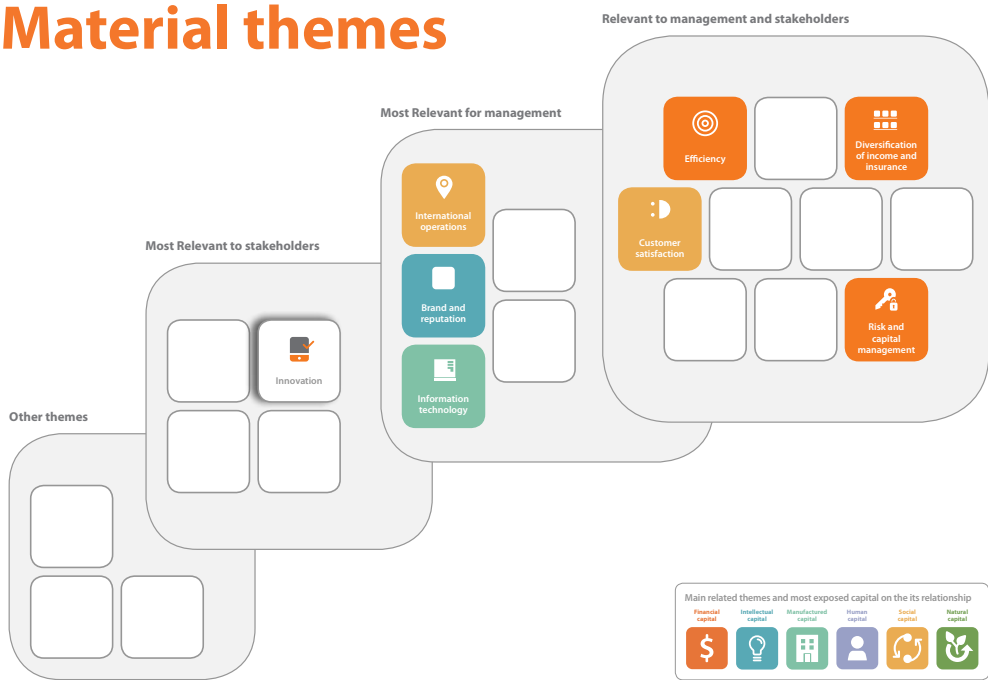
Most affected stakeholders



Capital most exposed to the theme



Material themes



Innovation

We innovate to generate positive and direct impact on the lives of people. Looking through the perspective of people, we can understand our role as an innovative company and help build a better future for them, for the world and for our own business. Innovation brings people and helps us understand the future.

For us, innovation is to seek new solutions to old problems, conduct experiments to new problems and review concepts. The new demands break and has the power to simplify and inspire. Simplicity is a path that gives us the possibility to act quickly and with focus. Innovation is a science, and as in any science, we need a laboratory, a space to generate inspiration, knowledge, ideas, experimentation and action.

More on this topic

- Cubo
- Data Center
- Digital bank or Digital
- Virtual Card

Most affected stakeholders



Capital most exposed to the theme



Material themes



Supplier and supply chain management

Our relationships are based on transparency, sustainability and adding shared value.

In the last five years we have had about 9,000 partners that have provided goods or services to the bank. This partnership is made through a formal contract process whose objective is to minimize possible financial, reputational, operational and legal impacts during the provision of the service or upon the termination of the contract. We also work to enhance sustainable practices as well as compliance with legal and ethical principles that must govern business relationships.

More on this topic

- Stakeholder engagement
- Assets and services purchase
- Supplier assessment
- Contractual formalization, breaches and penalties
- Consumer Protection Code

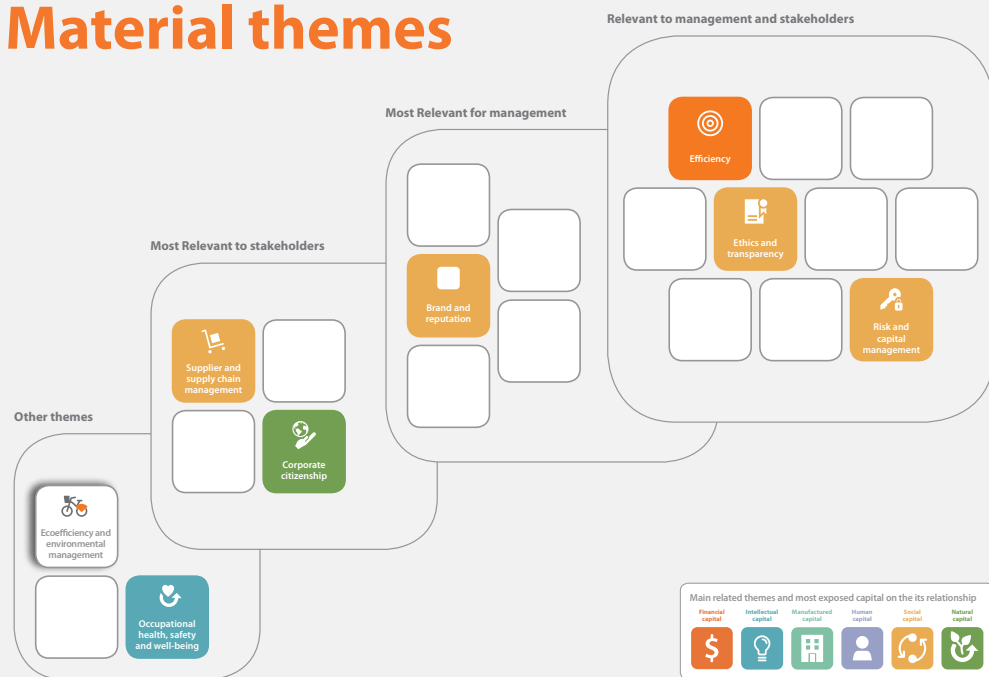
Most affected stakeholders



Capital most exposed to the theme



Material themes



Ecoefficiency and environmental management



Ecoefficiency and environmental management

We maintain a constant focus on sustainable management and use of natural resources, a strategy that allows reducing the environmental and operational impact and increasing our operational efficiency. We seek to mitigate our direct impacts, including energy consumption, materials, water, and emissions.

All the initiatives we have developed in relation to eco-efficiency are based on four pillars: deployment cost, availability in the market, technical system performance, and efficiency gains.

We manage the consumption of natural resources such as water and energy, and monthly monitor the waste generated by our activities, through data and indicators of the responsible areas.

More on this topic



- Environmental and social risks and opportunities
- Environment
- Ecoefficiency
- Climate changes
- Water
- Energy
- Emissions
- Transport
- Paper
- Waste
- Environmental & Social Risk Policy and Equator Principles
- Itaú Asset Management

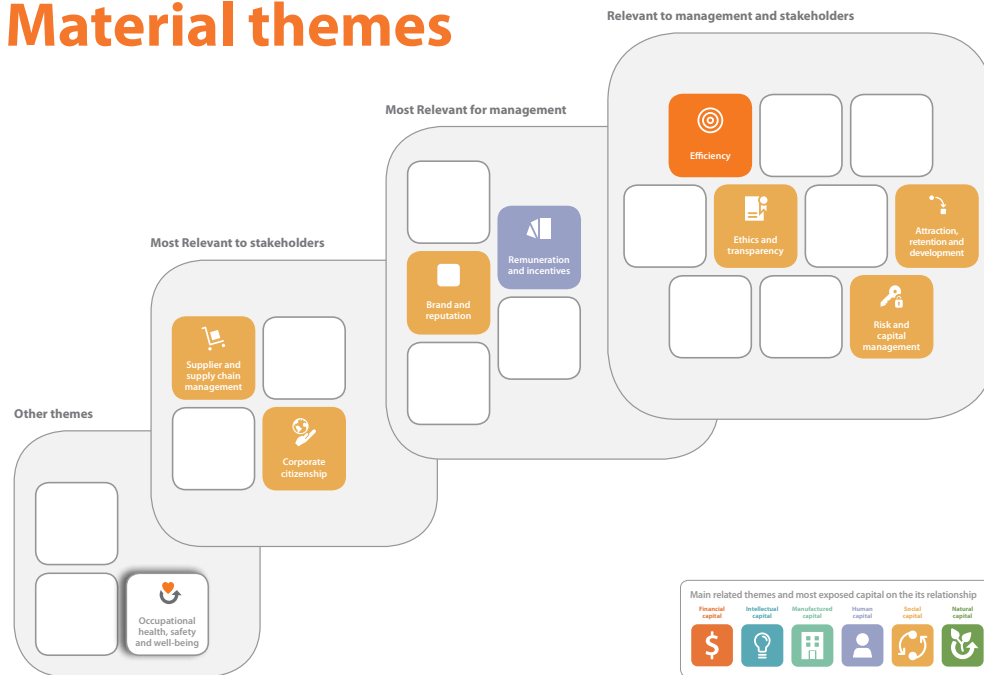
Most affected stakeholders



Capital most exposed to the theme



Material themes



Occupational health, safety, and well-being

We have a specific department for managing, running and developing the activities that make an ongoing contribution to occupational safety and to the facilities, equipment and tools uses in our business.

Through internal indicators and standards, make the management of various programs of the Health and Safety. The issue is also addressed in the Collective Work category and the Subcommittee on Safety and Health at Work of the National Federation of Banks Convention (Febraban).

Our actions and programs focused on health education are designed to prevent illnesses and provide advice on the adoption of healthy and balanced lifestyles. They cover both employees and their family members, also involving the communities surrounding our administrative hubs whenever possible.

More on this topic

- Employee health and safety
- Quality of life
- Benefits
- Itaú Viver Mais
- Human Rights

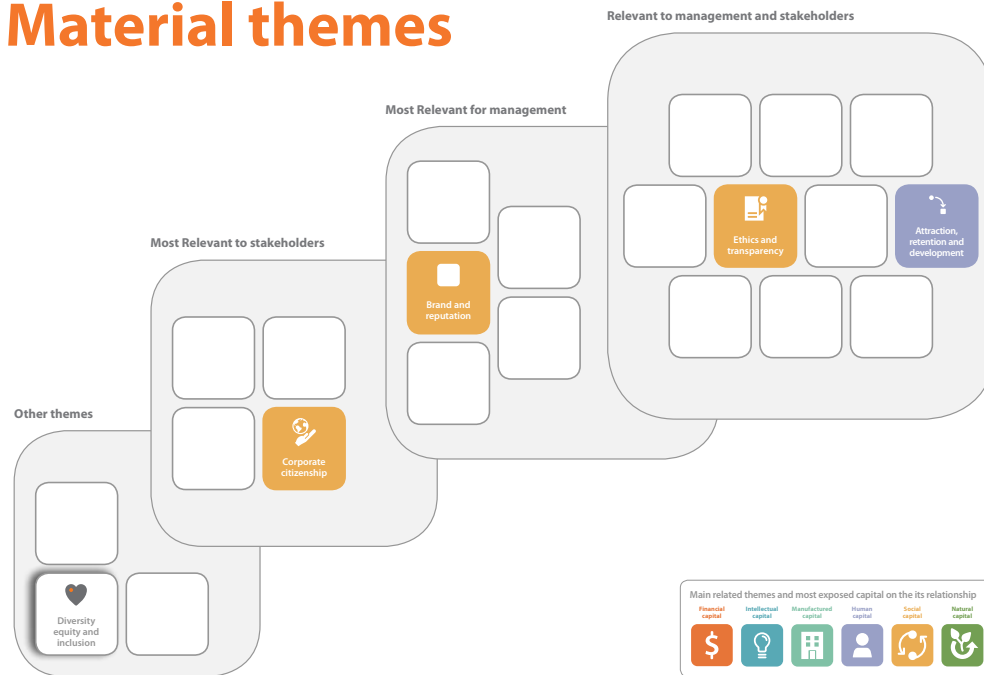
Most affected stakeholders



Capital most exposed to the theme



Material themes



Diversity, equity and inclusion

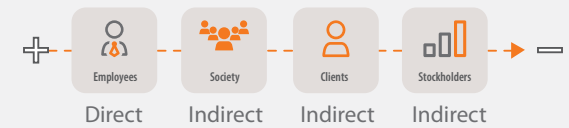
As a recognized and valued theme in our culture, diversity is managed by our Human Resources Area and guided by our Internal Policy for Diversity Enhancement based on three basic principles: fair competitiveness in relation to differences; heterogeneity within the organization (gender, persons with disabilities, sexual diversity, ethnicity/race); and implementation of policies and projects that value and promote diversity.

More on this topic



- Our Diversity Profile
- Ethics
- Human Rights
- Organizational profile
- Cases of discrimination

Most affected stakeholders



Capital most exposed to the theme



Itaú Unibanco Holding S.A.

Independent auditor's limited assurance report on the 2015 Integrated Report

December 31, 2015

Independent auditor's limited assurance report on the 2015 Integrated Report

To the Board of Directors
Itaú Unibanco Holdings S.A.

Introduction

We have been engaged by Itaú Unibanco Holdings S.A. ("Itaú Unibanco") to present our limited assurance report on the compilation of the selected information related to 2015 Integrated Report for the year ended December 31, 2015.

Responsibilities of the management of the Company

The management of Itaú Unibanco is responsible for the preparation and fair presentation of the selected information included in the 2015 Integrated Report, in accordance with the criteria issued by International Integrated Reporting Council (IIRC) and for such internal control as it determines is necessary to enable the preparation of information free from material misstatement, whether due to fraud or error.

Independent auditor's responsibility

Our responsibility is to express a conclusion on the selected information included in the Integrated Report, based on our limited assurance engagement carried out in accordance with the Brazilian standard NBC TO 3000, "Assurance Engagements Other than Audit and Review", issued by the Federal Accounting Council (CFC), which is equivalent to the international standard ISAE 3000, "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board (IAASB). Those standards require that we comply

with ethical requirements, including independence requirements, and perform our engagement to obtain limited assurance that the information included in the 2015 Integrated Report, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with the Brazilian standard NBC TO 3000 and ISAE 3000 mainly consists of making inquiries of management and other professionals of the entity involved in the preparation of the information, as well as applying analytical procedures to obtain evidence that allows us to issue a limited assurance conclusion on the information, taken as a whole. A limited assurance engagement also requires the performance of additional procedures when the independent auditor becomes aware of matters that lead him to believe that the information taken as a whole might present significant misstatements.

The procedures selected are based on our understanding of the aspects related to the compilation and presentation of the information included in the 2015 Integrated Report, other circumstances of the engagement and our analysis of the areas in which significant misstatements might exist. The following procedures were adopted:

- (a) planning the work, taking into consideration the materiality and the volume of quantitative and qualitative information and the operating and internal control systems that were used to prepare the information included in the 2015 Integrated Report of Itaú Unibanco;
- (b) understanding the calculation methodology and the procedures adopted for the compilation of indicators through interviews with the managers responsible for the preparation of the information;

(c) applying analytical procedures to quantitative information and making inquiries regarding the qualitative information and its correlation with the indicators disclosed in the information included in the 2015 Integrated Report.

(d) comparing the financial indicators with the consolidated financial statements in IFRS and/or accounting records and financial reports of Itaú Unibanco; and

(e) verifying that the Integrated Report includes information about the content elements and the basic principles established in the guidelines proposed by the Framework issued by the IIRC.

The selected information subjected to our limited assurance report, for the year ended December 31, 2015, are included in the following sections:

On the section "Context":

- 2nd Position of Itaú Unibanco Holding S.A. and its competitors in the Central Bank of Brazil ranking by total assets (page 6);

On the section "Social Capital and Relationship":

- Customer Satisfaction Index (page 15);
- Percentage of clients attended in the ombudsman (page 15);
- Percentage of complaints to the ombudsman that were resolved (page 15);
- Percentage of requests registered in *consumidor.gov* website (page 15);
- Percentage of registered complaints in the SAC that were resolved (page 15);
- Average response time on social networks (page 15);
- Ownership structure (page 15 e 16);
- Purchasing process suppliers sub clause (page 16);

- Suppliers per region (page 17);
- Percentage of action plans implemented regarding the audits performed (page 17);
- Percentage of Purchases by category (page 17);
- *Bikes* availability (page 18);

On the section "Human Capital":

- Employee profile managed by HR (page 19);
- Quantity and percentage of solution of complaints registered in the internal Ombudsman (page 20);

On the section "Manufactured Capital":

- LEED Certification of Centro Tecnológico Mogi-Mirim (page 22);

On the section "Governance and Risk Management":

- Management Structure (page 24 to 26);

On the section "Results and Challenges":

- *Fale Francamente* Survey (page 40);
- Suppliers Index (page 40);
- Water Consumption (page 41);
- Energy Consumption (page 41);
- Waste Disposal Methods (page 43);

On the section "Our Material Topics":

- The process of stakeholder engagement and definition of materiality in accordance with the principles of the rule AA1000APS (page 45);
- Material Topics (page 46).

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Scope and limitations

The procedures applied in a limited assurance engagement are substantially less detailed than those applied in a reasonable assurance engagement, whose objective is to issue an opinion on the information included in the 2015 Integrated Report. Consequently, we are not able to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an assurance engagement, whose objective is to issue an opinion. If we had performed an engagement with the objective of issuing an opinion, we might have identified other matters and eventual misstatements in the information included in the 2015 Integrated Report. Therefore, we do not express an opinion on this information.

Non-financial data are subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate and estimate these data. Qualitative interpretations of the relevance, materiality, and accuracy of the data are subject to individual assumptions and judgments. Furthermore, we did not consider in our engagement the data reported for prior periods, nor future projections and goals.

Conclusion

Based on the procedures performed, described herein, no matter has come to our attention that causes us to believe that the information included in the 2015 Integrated Report has not been compiled, in all material respects, in accordance with the guidelines of the criteria described throughout this report.

São Paulo, May 20, 2016

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Washington Luiz Pereira Cavalcanti
Contador CRC 1SP172940/O-6

Glossary

A

- **ABRASCA** – Associação Brasileira de Companhias Abertas (Brazilian Association of Publicly Held Companies)
- **ADS** – American Depositary Shares
- **APIMEC** – Associação dos Analistas e Profissionais de Investimento do Mercado de Capitais (Association of Capital Markets Analysts and Investment Professionals)
- **ATMs** – Automatic Teller Machine

B

- **BACEN** – Banco Central do Brasil (the Central Bank of Brazil)
- **BCBA** – Buenos Aires Stock Exchange
- **BM&FBOVESPA** – Bolsa de Valores, Mercadorias e Futuros S.A. (Securities, Commodities and Futures Exchange)
- **BNDES** – Banco Nacional de Desenvolvimento Econômico e Social (Brazilian Social and Economic Development Bank)

C

- **CDI** – Certificado de Depósito Interbancário (Interbank Deposit Certificate)
- **CDP** – Carbon Disclosure Project
- **CEDEAR** – Argentine Certificates of Deposits
- **CONSIF** – Confederação Nacional do Sistema Financeiro (National Association of the Financial System)
- **COPOM** – Comitê de Política Monetária (Monetary Policy Committee)
- **CSBs** – Customer Site Branches
- **CVM** – Comissão de Valores Mobiliários (Brazilian Securities and Exchange Commission)

D

- **DJSI** – Dow Jones Sustainability Index
- **DOJ** – United States Department of Justice

E

- **ER** – Efficiency Ratio

F

- **FEBRABAN** – Federação Brasileira de Bancos (Brazilian Federation of Banks)
- **FENABAN** – Federação Nacional dos Bancos (National Federation of Banks)

G

- **GEE** – Greenhouse gases
- **GRI** – Global Reporting Initiative

I

- **IIRC** – International Integrated Reporting Council
- **ICO2** – Carbon Efficient Index
- **IFRS** – International Financial Reporting Standards
- **IPCA** – Índice Nacional de Preços ao Consumidor Amplo (Extended Consumer Price Index)
- **ISE** – Índice de Sustentabilidade Empresarial (Corporate Sustainability Index)
- **Itaúsa** – Itaú Investimentos S.A.
- **IUPAR** – Itaú Unibanco Participações S.A.

N

- **NYSE** – New York Stock Exchange

O

- **ONG** – Organization non governmental

P

- **PIN** – Personal identity number
- **PIB** – Produto Interno Bruto (Gross Domestic Product)
- **PEE** – Planos de Estabilização Econômica (Monetary Stabilization Plans)
- **PROCON** – Programa de Proteção e Defesa do Consumidor (Consumer Protection and Defense Authority)

R

- **RAER** – Risk Adjusted Efficiency Ratio

S

- **SEC** – U.S. Securities and Exchange Commission
- **SELIC** – Sistema Especial de Liquidação e de Custódia (Special Clearing and Settlement System)
- **STF** – Superior Tribunal Federal (Brazilian Federal Supreme Court)

U

- **USA** – United States of America

V

- **VaR** – Value at Risk



Please state your opinion

We are available to take your suggestions or respond to your queries about the Integrated Report.

